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PROPOSED ATTORNEYS FOR DEBTORS

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

In re:	§	**Chapter 11**
	§	
ERICKSON INCORPORATED*, et al.*,[1]	§	**Case No. 16-34393-hdh**
	§	
Debtors.	§	**(Joint Administration Requested)**

DECLARATION OF DAVID LANCELOT IN SUPPORT OF THE DEBTORS' CHAPTER 11 PETITIONS AND FIRST DAY MOTIONS

Pursuant to 28 U.S.C. § 1746, I, David W. Lancelot, hereby submit this declaration (this "**Declaration**") under penalty of perjury:

1. I am the Chief Restructuring Officer of Erickson Incorporated, a corporation organized under the laws of Delaware and one of the above-captioned debtors and debtors in possession (collectively, the "**Debtors**" and together with their non-debtor affiliates, "**Erickson**"). In such capacity, I am familiar with the Debtors' day-to-day operations and financial affairs.

[1] The Debtors in these Chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, include: Erickson Incorporated (7561); EAC Acquisition Corporation (3733); Erickson Helicopters, Inc. (5052); Erickson Transport, Inc. (9162); Evergreen Helicopters International, Inc. (1311); Evergreen Equity, Inc. (9209); and Evergreen Unmanned Systems, Inc. (3961). The location of the Debtors' service address is 5550 SW Macadam Avenue, Suite 200, Portland, OR 97239.

2. I became involved with the Debtors and their restructuring efforts in June 2016 when I was hired as Erickson's Chief Financial Officer. In November 2016, I was appointed as the Debtors' Chief Restructuring Officer. I have over 25 years of aviation finance experience. My experience includes over five years as the Sr. Vice President and Chief Financial Officer of Spirit Airlines, Inc., during which time I was responsible for preparing, designing, and executing the company's initial public offering. I also served as the Chief Financial Officer of Atlas Air Worldwide Holdings and was instrumental in the implementation of the company's successful Chapter 11 reorganization. I led the finance team of AirTran Airways, Inc., held various management roles at American Airlines, Inc., served as Chief Financial Officer of Highland Capital Management, L.P., and worked with audit services for KPMG, LLP.

3. To effectuate a restructuring of the Debtors' capital structure, on November 8, 2016, (the "**Petition Date**"), the Debtors filed their voluntary petitions for relief under Chapter 11 of title 11 of the United States Code (the "**Bankruptcy Code**") in the United States Bankruptcy Court for the Northern District of Texas, Dallas Division. To minimize the adverse effects on their businesses, the Debtors have filed motions and applications described herein for related relief (collectively, the "**First Day Pleadings**"). Through the First Day Pleadings, the Debtors seek relief to allow the Debtors to meet necessary obligations and fulfill their duties as debtors in possession. I am familiar with the contents of each First Day Pleading and believe that the relief sought in each First Day Pleading is necessary to enable the Debtors to operate in Chapter 11 with minimal disruption or loss of productivity and value. I further believe that the relief sought in each First Day Pleading constitutes a critical element in achieving a successful reorganization of the Debtors' businesses, and best serves the Debtors' estates and creditors' interests.

4. Except as otherwise indicated, the facts set forth in this Declaration are based upon my personal knowledge of Erickson's business operations, my review of relevant documents, information provided to me or verified by other executives or employees of the Debtors, Erickson's professional advisors, including Haynes and Boone, LLP ("**Haynes and Boone**"), Alvarez & Marsal North America, LLC ("**Alvarez & Marsal**"), and Imperial Capital, LLC ("**Imperial**"), and upon my experience in the aviation industry generally. Unless otherwise indicated, the financial information contained in this Declaration is presented on a consolidated basis and is unaudited and subject to change. I was involved with the preparation of the petitions, schedules, and First Day Pleadings. I was also involved in the Debtors efforts to solicit and obtain refinancing of existing debt facilities and the Debtors' efforts to obtain debtor in possession financing. In particular, I have been involved in the review and negotiation of term sheets regarding debtor in possession financing as well as financial modeling including cash flow forecasts and budgets for debtor in possession financing. I am authorized to submit this Declaration on behalf of Erickson, and if called upon to testify, I would testify competently to the facts set forth herein.

5. This Declaration has been organized into five sections. **Part I** describes Erickson's business and the aviation services industry in which it operates; **Part II** describes Erickson's capital structure; **Part III** describes the key events that led to the commencement of the Chapter 11 Cases; **Part IV** describes the Proposed DIP Facility (as defined below); and **Part V** summarizes the relief requested in, and the legal and factual basis supporting, the First Day Pleadings.

I. OVERVIEW OF ERICKSON'S BUSINESS AND OPERATIONS

A. The Debtors' Businesses

6. Founded in 1971, Erickson is a vertically-integrated manufacturer and operator of the powerful heavy-lift Erickson S-64 Aircrane helicopter, and is a leading global provider of aviation services. Erickson currently possesses a diverse fleet of 69 rotary-wing and fixed-wing aircraft that support a variety of government and civil customers worldwide. These customers rely on Erickson for a broad range of aerial services, including critical supply and logistics for deployed military forces, humanitarian relief, firefighting, timber harvesting, infrastructure construction, and crewing. Erickson is the safest helicopter operator in the world pursuant to statistics from the United States Helicopter Safety Team.[2]

7. For more than 40 years, Erickson's business primarily related to operating and manufacturing the S-64 Aircrane helicopter (the "**Aircrane**"). In the 1970s and 1980s, Erickson's fleet was predominantly composed of Aircranes that it owned or leased. In 1992, Erickson acquired the intellectual property for the Aircrane and assumed responsibility as the original equipment manufacturer ("**OEM**"). Erickson owns the Type and Production Certificates for the Aircrane, meaning that Erickson has exclusive design, manufacturing, and related rights for the aircraft and OEM components. After becoming the OEM for the Aircrane, Erickson consistently invested time and resources to improve the Aircrane's design to arrive at the aircraft's current version, "a 70-foot long, 18-foot tall, 19,234-pound beast."[3] The Aircrane has a lift capacity of up to 25,000 pounds and is the only civil aircraft built specifically as a flying crane. That is, the Aircrane does not have a fuselage for carrying internal loads. Rather, the load

[2] The United States Helicopter Safety Team is a team of U.S. government and U.S. industry leaders formed to address the factors affecting an unacceptable civil helicopter accident rate. www.ushst.org.

[3] Andrew Tarantola, *The Erickson S-64 Aircrane Is A Flying Swiss Army Knife*, GIZMODO (April 5, 2012 11:10 AM), http://gizmodo.com/5899318/the-erickson-s-64-aircrane-is-a-flying-swiss-army-knife/.

is suspended below the aircraft. The Aircrane is also unique in that it has both front and rear facing cockpits, meaning that a third pilot in the rear-facing seat has an unobstructed view of the load, which allows for enhanced precision lift and load placement capabilities.

8. In May 2013, Erickson acquired Evergreen Helicopters, Inc. ("**Evergreen**")[4] for $298 million. The acquisition added 65 aircraft to Erickson's fleet and enabled Erickson to provide support to the United States Military. In September 2013, Erickson acquired Air Amazonia Servicos Aeronoticos Ltda ("**Air Amazonia**") and certain related assets for $26 million, which resulted in the addition of a fleet of six aircraft and a repair station certification in Brazil.[5]

9. As of the Petition Date, Erickson Incorporated[6] is the direct or indirect parent company of all the other Debtors, and nine non-Debtor affiliates. The Debtors' organizational chart is attached hereto as **Exhibit A**. The Debtors currently have affiliated entities located in Turkey (Erickson Aviation Turkey), Canada (Canada Air-Crane Ltd), India (Erickson Support Services Private Limited), Peru (Erickson Aviation Peru S.A.C.), Brazil (Air Amazonia), Malaysia (Erickson Air-Crane Malaysia), Uganda (Erickson Equitorial Aviation Limited), Italy (European Air-Crane), and Trinidad (Evergreen Helicopters International)(each a "**Foreign Affiliate**" and collectively, the "**Foreign Affiliates**").

10. Headquartered in Portland, Oregon, the Debtors employ 711 employees through Erickson Incorporated, including 680 full-time employees and 31 part-time employees (the "**Employees**"). The Employees consist of six hundred forty-three (643) domestic Employees,

[4] Effective February 6, 2014, the name of Evergreen Helicopters, Inc. was changed to Erickson Helicopters, Inc. ("**EHI**").
[5] Erickson entered into an agreement to sell its interest in Air Amazonia in June 2016, but the transaction has not closed as of the Petition Date.
[6] Erickson Air-Crane Incorporated changed its name to Erickson Incorporated on April 1, 2014.

and the remainder are foreign nationals. Included among these Employees are pilots and maintenance crew that are seconded to various operating jurisdictions, domestic aircrew, mechanics, engineers, warehousemen, and executives.

B. Aircraft Fleet

11. Erickson consistently upgrades its fleet to adapt to customers' changing needs and technological developments. Currently, Erickson has a fleet of 69 aircraft, including 20 Aircranes and a mix of 49 light, medium, and heavy rotary-wing and fixed-wing aircraft. Of the 69 total aircraft in the fleet, Erickson owns 42 and leases 27. A chart that provides further information regarding the number and type of aircraft in the fleet is attached hereto as **Exhibit B**.

12. In the ordinary course of business in the Debtors' Global Defense and Security business segment, the Debtors regularly adjust the composition of their fleet to meet specific contract needs. In connection with various customer contracts, the Debtors routinely decide whether to acquire new aircraft, upgrade existing aircraft, or lease additional aircraft. Fleet adjustments are particularly common in order to comply with contracts with the United States Government. Such contracts include detailed specifications for and modifications to the aircraft and equipment that must be used. Because the Debtors cannot predict with certainty which contract bids will or will not be successful, the Debtors' ordinary practice is to bid on a contract, and once the contract is won and the aircraft specifications are known, to then acquire, upgrade, or lease the aircraft necessary to comply with a given contract. Revenue generation under a given contract typically does not occur until approximately 6 months after a contract is won. Therefore, the Debtors' businesses have large upfront capital expenditures, followed by a significant lag period before a return on capital occurs.

C. Helicopter Services

13. Erickson's broad range of aerial services consist of three primary business segments: (i) Global Defense and Security, (ii) Civil Aviation Services, and (iii) Manufacturing and Maintenance, Repair, and Overhaul ("**MRO**"). Certain of the Debtors operate under Federal Aviation Administration ("**FAA**") Part 135, U.S. Air Carrier; Part 133, Rotocraft External-Load Operations; and Part 144 Repair Stations.

1. Global Defense and Security

14. Erickson is a leader in the global defense and security services industry with more than 45 years of experience in the field. Erickson provides defense and security services for the United States Department of Defense ("**DoD**"), international governments, other government organizations and agencies, as well as third parties that contract with such governmental agencies and organizations.[7] Erickson's crew members are highly skilled—one in four crew members in the Global Defense and Security business segment is a military veteran. Representative missions include transporting troops and cargo, delivering supplies to ships, airdropping supplies, and evacuating or rescuing personnel. To perform these missions, Erickson's aircraft can be equipped with night vision, ballistic protection, and roller systems.[8] Erickson also offers maintenance, logistics, and training services in connection with its defense and security programs.

15. Due to a reduction in the scope of DoD activities in Afghanistan and the expiration of contracts in the Philippines and other locations, Global Defense and Security revenues decreased approximately 32% in 2015 to $105.2 million. Erickson generated

[7] The Commercial Airlift Review Board ("**CARB**") regulates civilian air carriers that transport passengers for the DoD. Erickson holds the requisite CARB authorization to operate both rotor and fixed wing aircraft for the DoD and provide mission-critical support services.

[8] Roller systems attach to the floor of aircraft to aid with quickly loading and unloading heavy cargo.

approximately $40.4 million in revenues from its global defense and security operations for the six months ended June 30, 2016.

2. Civil Aviation Services

16. Erickson conducts an array of critical civil aviation services in challenging environments. These multifaceted operations span multiple countries. Erickson's civil aviation services include firefighting, timber harvesting, infrastructure construction, oil and gas logistics, crewing, and humanitarian relief. During the year ended December 31, 2015, approximately 58% of civil aviation services revenues derived from operations outside the United States. Erickson generated approximately $40.9 million in revenues from its civil aviation services operations for the six months ended June 30, 2016. Representative services are discussed below.

a. Firefighting

17. Erickson deploys its expert pilots and specially-equipped S-64 Aircrane Helitankers ("**Helitankers**") to help protect countries across the world from potentially devastating forest fires. The Helitankers can drop more than 25,000 gallons of water every hour due to the Helitankers' unique ability to carry large amounts of water and refill its tanks mid-flight. Erickson uses Helitankers for rapid, high-volume precision delivery of water and other fire suppressants from the air. Erickson provides seasonal aid to wildland fire hotspots in Greece, Turkey, Australia, Italy, Canada, and the United States.

18. Erickson has developed a number of innovations to enhance the Aircrane's fire suppression capabilities. For example, Erickson created the first helicopter application of a water cannon and invented the "Sea Snorkel," which scoops up water to refill the Aircrane's tanks. Prior to losing its small business classification (as discussed in more detail in the "Events Leading to Chapter 11" section below), Erickson was the premier provider of aerial fire suppression services to the United States Forest Service.

b. Timber Harvesting

19. Erickson provides a variety of advanced aerial timber-harvesting services for non-governmental entities. Erickson uses Aircranes equipped with a proprietary hydraulic grapple to lift and transport timber, thereby minimizing the need for road development and large support crews on the ground. Erickson's timber operations are primarily concentrated in Canada and Malaysia.

c. Infrastructure

20. Erickson performs heavy-lift services for clients across North America and Europe. Erickson uses the Aircrane in a variety of projects, such as transmission and utility grid construction, wind turbine construction, and heavy-weight ventilation and air conditioning unit ("**HVAC**") delivery and installation.

21. Among other achievements, Erickson's infrastructure team has successfully placed thousands of miles of electrical transmission towers worldwide; flown and installed thousands of HVAC units onto skyscrapers, aviation hangars, automobile plants, and manufacturing facilities; and assisted with pipeline construction in Peru, Mexico, Alaska, and Malaysia. In addition, Erickson has applied its experience to many unique, short-term projects, including installing an HVAC unit on top of the Chase Tower in Dallas, Texas, removing and reinstalling the Statue of Freedom on top of the United States Capitol Dome, recovering a sailboat wreckage, rescuing an endangered rhino, and delivering snow for the winter Olympics in Vancouver.

d. Oil and Gas

22. Erickson's global reach extends to oil and gas logistics, a field in which it has over fifteen years of experience. Erickson excels in supporting oil and gas operations in austere and remote locations with difficult operating challenges. In particular, Erickson provides lift

services for personnel, drilling supplies, and production rig equipment. Erickson provides oil and gas services in Ecuador, Peru, and North America.

3. Manufacturing & MRO

23. Erickson's Manufacturing & MRO business segment provides supply chain and engineering solutions to customers that operate legacy aircraft around the world. Erickson's fully-integrated manufacturing and MRO capabilities enable it to perform safely and self-sufficiently in challenging, remote environments.

24. Erickson offers comprehensive in-house manufacturing services as an OEM for S-64/CH54 Aircranes. Erickson's manufacturing operations can fabricate hard to locate parts and reverse engineer and reproduce parts that may no longer be available from traditional sources. As an OEM, Erickson provides innovative engineering solutions, product support, maintenance, training, and repair to ensure supply chain reliability for aircraft.

25. Erickson's MRO 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 standards. Erickson provides manufacturing and MRO services out of its facilities in Southern Oregon and also offers field support. Erickson's MRO team includes over 200 mechanics and technicians who are cross-trained to service a variety of products and platforms. For the six months ended June 30, 2016, the manufacturing & MRO business generated approximately $14.3 million in revenue.

II. PREPETITION CAPITAL STRUCTURE[9]

26. As of the Petition Date, Erickson reported approximately $561 million in total liabilities. As described in greater detail below, as of the Petition Date, Erickson's significant funded debt obligations include:

- Approximately $130.8 million in principal amount under Erickson's first lien revolving credit facility;
- approximately $370.2 million in principal amount and accrued interest under Erickson's second lien secured notes; and
- approximately $10 million in aggregate principal and accrued interest under Erickson's unsecured, subordinated seller notes; and
- approximately $4.0 million in principal amount under a promissory note to Bell Helicopter Textron Inc.

In addition, Erickson owes approximately $46 million to various vendors.

A. First Lien Credit Facility

27. On May 2, 2013, Erickson Incorporated (f/k/a Erickson Air-Crane Incorporated), and Erickson Helicopters, Inc. (f/k/a Evergreen Helicopters, Inc.), as borrowers, Wells Fargo Bank, N.A. as the administrative agent, lead arranger, book runner, syndication agent and documentation agent (the "**Existing First Lien Agent**"), and certain lenders (the "**Existing First Lien Lenders**") entered into that certain Credit Agreement (as amended, restated supplemented or otherwise modified from time to time, the "**Existing First Lien Credit Agreement**"), pursuant to which the Existing First Lien Lenders made certain credit available to the borrowers (the "**Existing First Lien Credit Facility**"). The Existing First Lien Credit Facility is an asset based loan arrangement. Erickson's ability to draw on the Existing First Lien Credit Facility to fund its liquidity needs is limited by a number of factors, those traditionally found in asset based

[9] This summary is qualified in its entirety by reference to the operative documents, agreements, schedules, and exhibits.

credit facilities, such as including borrowing "availability" as determined based upon the amount of eligible collateral to support the borrowing base. As of October 31, 2016, the principal amount of approximately $127.8 million in borrowings and $3 million of letters of credit were outstanding under the First Lien Credit Facility (the "**Prepetition First Lien Obligations**"). The First Lien Credit Agreement is primarily used for general corporate purposes and, in the absence of a default under the Existing First Lien Credit Agreement, would mature on May 2, 2018.

28. In connection with the Existing First Lien Credit Agreement, the Debtors entered into a Guaranty and Security Agreement dated as of May 2, 2013 (as amended, restated supplemented or otherwise modified from time to time, the "**First Lien Guarantee and Security Agreement**") and the Line of Credit Deed of Trust, Assignment of Rents and Leases, Security Agreement and Fixture Filing (as amended, restated supplemented or otherwise modified from time to time, the "**First Lien Deed of Trust**").[10] Pursuant to the First Lien Loan Documents Debtors granted first priority liens and security interests (the "**Senior Liens**") on substantially all of the Debtors' assets as described in the First Lien Credit Facility Documents (collectively, the "**First Lien Collateral**"). True and correct copies of all the Existing First Lien Credit Facility Documents will be filed with the Court.

B. Second Lien Notes

29. Erickson Incorporated issued 8.25% Second Priority Senior Secured Notes due 2020 (the "**Second Priority Notes**"), under an Indenture dated as of May 2, 2013 (as amended, restated supplemented or otherwise modified from time to time, the "**Existing Indenture**"), among the Erickson Incorporated, the guarantors from time to time party thereto, and Wilmington Trust, National Association, as trustee and notes collateral agent (in such capacities,

[10] The First Lien Credit Agreement, the First Lien Guarantee and Security Agreement, the First Lien Deed of Trust and the other Loan Documents (as defined in the First Lien Credit Agreement) are referred to as the "**First Lien Loan Documents**".

the "**Indenture Trustee**"). Holders of the Second Priority Notes (the "**Second Priority Noteholders**," and collectively with the First Lien Lenders, the "**Prepetition Secured Parties**") have second priority liens and security interests (the "**Junior Liens**," and collectively with the Senior Liens, the "**Prepetition Liens**") on substantially all of the Debtors' assets (collectively, the "**Second Lien Collateral**," and together with the First Lien Collateral, the "**Prepetition Collateral**").

30. On May 2, 2013, the First Lien Agent and the Indenture Trustee entered into an Intercreditor Agreement with respect to the First Lien Credit Agreement and the Existing Indenture (as amended, restated supplemented or otherwise modified from time to time, the "**Prepetition Intercreditor Agreement**"). The Prepetition Intercreditor Agreement generally provides for the subordination of the claims, liens, and security interests of the Second Priority Noteholders to the claims (including the Prepetition First Lien Obligations), liens, and security interests of the First Lien Lenders.

31. The Second Priority Notes have semi-annual interest payments due May 1 and November 1 each year. An interest payment of $14.6 million was due November 1, 2016, which the Debtors have not paid. As of the Petition Date, there is approximately $370,205,428 in principal and interest outstanding under the Second Priority Notes.

C. Summary of Subsidiary Roles Under First Lien Credit Agreement and Existing Indenture

32. All of the Debtors are indirectly- or wholly-owned subsidiaries of Debtor Erickson Incorporated and collectively comprise the issuers and guarantors of the Debtors' funded debt, excluding non-debtor affiliates that continue to conduct their businesses in the ordinary course. Each of Erickson's domestic subsidiaries is (A) a guarantor or co-borrower

under the First Lien Credit Agreement and (B) a guarantor under the Existing Indenture, as set forth in the chart below:

Name	Role in First Lien Credit Agreement	Role in Existing Indenture
ERICKSON INCORPORATED (f/k/a Erickson Air-Crane Incorporated)	Borrower	Issuer
EAC ACQUISITION CORPORATION	Guarantor	Guarantor
ERICKSON HELICOPTERS, INC. (f/k/a Evergreen Helicopters, Inc.)	Borrower	Guarantor
EVERGREEN UNMANNED SYSTEMS, INC.	Guarantor (via joinder)	Guarantor
EVERGREEN EQUITY, INC.	Guarantor	Guarantor
EVERGREEN HELICOPTERS INTERNATIONAL, INC.	Guarantor	Guarantor
ERICKSON TRANSPORT, INC. (f/k/a Evergreen Helicopters of Alaska, Inc.)	Guarantor	Guarantor

D. Seller Notes

33. In connection with Erickson's acquisition of Evergreen in 2013, Erickson Incorporated issued unsecured promissory notes to certain Existing First Lien Lenders, in an aggregate principal amount of $17.5 million (the "**Seller Notes**"). The Seller Notes were issued pursuant to and in accordance with (a) the terms of the Stock Purchase Agreement dated as of March 18, 2013, by and among Erickson Incorporated, Evergreen, and the other parties thereto, and (b) the terms of the First Lien Securities Purchase Agreement dated as of March 18, 2013 by and among Erickson Incorporated, Evergreen, and the other parties thereto. The Seller Notes accrue interest at a fixed rate of 6% per annum and mature on November 2, 2020. The Seller Notes required quarterly interest payments for the time period of December 31, 2013 through March 31, 2015. Thereafter, the terms of the Seller Notes require quarterly payments, in cash, of $1 million in principal in addition to the interest payment. From time to time, Erickson has exercised its option to prepay a portion of the Seller Notes, which resulted in a corresponding

reduction to the quarterly principal and interest due under the Seller Notes. During May 2016, entities affiliated with a former member of Erickson's board of directors acquired $1.2 million of the Seller Notes from third parties.

34. As of the Petition Date, there is approximately $9,976,781 in aggregate principal and interest outstanding under the Seller Notes.

E. Promissory Note

35. On February 4, 2015, Erickson Incorporated issued $10,000,000 promissory note (the "**Promissory Note**") to Bell Helicopter Textron Inc. in exchange for certain inventory. The Promissory Note has no stated interest rate and matures on March 1, 2017. For the remainder of the term of the Promissory Note, payment in the amount of $2,000,000 is due every six months, with the most recent payment having come due in August 2016. Due to insufficient liquidity, the Debtors were unable to make such payment. As of the Petition Date, there is approximately $4 million in principal outstanding under the Promissory Note.

F. Trade Debt

36. In the ordinary course of providing aviation services, the Debtors have historically obtained goods and services from numerous vendors. As of the Petition Date, the Debtors estimate that they owe approximately $46 million to such vendors, which amount is comprised of accounts payable and accrued expenses for prepetition services.

G. Equity Interests

37. Erickson Incorporated is a public company whose common stock trades on the NASDAQ Stock Market under the symbol "EAC." Erickson Incorporated files annual reports and other information with the United States Securities and Exchange Commission (the "**SEC**"). Erickson Incorporated executed its initial public offering ("**IPO**") of 4.8 million shares of common stock on April 11, 2012, with a market capitalization of approximately $38.4 million.

38. As of the quarterly period ended June 30, 2016, 110,000,000 shares of the Erickson Incorporated's $0.0001 par value stock had been authorized with 13,895,421 issued and outstanding. As of October 30, 2016, Erickson's common stock was trading at $0.47 per share.

39. On July 26, 2016, Erickson Incorporated received two letters from the listing qualifications staff of the NASDAQ indicating that, (i) based upon the closing bid price of Erickson Incorporated's common stock for the last 30 consecutive business days, Erickson Incorporated no longer met the requirement to maintain a minimum bid price of $1.00 per share, as set forth in NASDAQ Listing Rule 5550(a)(2), and (ii) based upon Erickson Incorporated's market value of publicly held shares for the last 30 consecutive days, Erickson Incorporated no longer met the requirement to maintain a minimum market value of publicly held shares of $5 million, as set forth in Nasdaq Listing Rule 5450(b)(1)(C). Erickson Incorporated has been provided a period of 180 calendar days, or until January 23, 2017, in which to regain compliance with Nasdaq Listing Rule 5550(a)(2).

40. Only one holder[11] currently holds more than 50% of Erickson Incorporated's outstanding common stock, with such ownership based on United States Securities and Exchange Commission ("***SEC***") rules and regulations.[12] Based on current SEC filings. there are

[11] Totals as stated in Schedule 14A Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934 (the "Proxy Statement") dated April 28, 2016 and filed with the United States Securities and Exchange Commission lists Quinn Morgan as owning or controlling 54.3 percent of common stock outstanding as of April 15, 2016. Mr. Morgan serves on the board of directors and is the managing member of ZM EAC LLC and Q&U Investments LLC. Q&U Investments LLC is the managing member of ZM Private Equity Fund I GP, LLC, which is the general partner of ZM Private Equity Fund I, L.P.; Q&U Investments LLC is the managing member of ZM Private Equity Fund II GP, LLC, which is the general partner of ZM Private Equity Fund II, L.P.; and Q&U Investments LLC is the managing member of 10th Lane Partners LLC, which is the managing member of 10th Lane Finance Co., LLC. Accordingly, Mr. Morgan may be deemed to have sole voting and investment power with respect to the shares held by ZM EAC LLC, ZM Private Equity Fund I, L.P., ZM Private Equity Fund II, L.P., and 10th Lane Finance Co., LLC.

[12] Since multiple Quinn Morgan entities actually hold this investment, none of them may individually reach the 50% threshold, and it is not clear whether they may be aggregated for purposes of Section 382(g)(4)(D).

only two other holders of the common stock of Erickson Incorporated and any beneficial interest therein who currently hold more than 4.5% of the Debtors' outstanding Common Stock.

III. KEY EVENTS LEADING TO CHAPTER 11 AND PREPETITION RESTRUCTURING INITIATIVES

A. Events Leading to Chapter 11

41. As of October 31, 2016, Erickson had outstanding prepetition liabilities of approximately $561 million. Erickson's profitability has declined since 2013. For the twelve months ended December 31, 2015, Erickson had an operating loss of $54.8 million, compared to operating income of $47.0 million for the same time period in 2013. For the six months ended June 30, 2016, Erickson had an operating loss of $65.0 million. Erickson's financial performance has been negatively affected by (i) reduced demand for its services, which is largely attributable to the loss of Erickson's status as a small business, (ii) sustained economic distress in the oil and gas industry, and (iii) the continued reduction of DoD military activities in Afghanistan.

42. For the six months ended June 30, 2016, revenues generated from the Civil Aviation Services and Global Defense and Security business segments decreased $19.6 million and $20.8 million respectively, compared to the same period in the prior year. With regard to Civil Aviation Services, $5.9 million of the decrease was attributable to the loss of the United States Forest Service firefighting contract in connection with the loss of Erickson's "small business" status. Erickson lost its small business qualification due to changes in the ownership structure that caused aggregation of the employee headcount with non-Erickson entities.[13]

43. Erickson's loss of its small business status was detrimental because the United States Forest Service contracts accounted for a significant portion of Erickson's revenue. Prior to

[13] Erickson unsuccessfully challenged the disqualification.

Erickson's disqualification as a small business, Erickson had secured eight of the twelve available exclusive use contracts with the United States Forest Service.

44. The other large component of the decrease in revenue for Civil Aviation Services related to a $12.5 million reduction in revenue from services provided the oil and gas industry. Erickson's competitors have faced similar struggles in this business segment.[14] The revenue decrease for the Global Defense and Security business segment was primarily due to contracts expiring and a reduction in scope of DoD activity.

B. Erickson's Prepetition Restructuring Initiatives

45. In April 2015, the board of directors of Erickson Incorporated appointed Jeff Roberts as the new President and Chief Executive Officer. As noted earlier, I was brought on in June 2016 due to my restructuring and turnaround experience. With over 55 years of combined experience in the aerospace and aviation industry, and a successful track record of executive leadership and financial restructuring expertise, we implemented various cost-cutting, cash management, and performance improvement initiatives.

46. During 2015 and 2016, the Debtors focused on implementing a much-needed integration and consolidation plan in relation to the 2013 Evergreen acquisition, reduced operational headcount, refocused their business development efforts on positive margin contracts, implemented energy reduction initiatives, utilized enhanced sales and operations planning mechanisms, consolidated management positions, and completed a comprehensive leadership change across nearly all business segments and executive positions.

47. Despite the cost cutting efforts implemented in 2015 and 2016, the Debtors' revenues continued to decline, causing reduced availability under their borrowing base and tightening of liquidity under the Existing First Lien Credit Facility. As a result, the Existing First

[14] *See CHC Group LTD*, No. 16-31864 (BJH) (N.D. Tex. 2016).

Lien Agent imposed an availability block that limited the Debtors' borrowing availability under the Existing First Lien Credit Facility pursuant to numerous amendments to the First Lien Credit Facility. Beginning with amendment thirteen to the Existing First Lien Credit Agreement dated July 22, 2016, the Existing First Lien Lenders required a refinancing of the Existing First Lien Credit facility in its entirety by a date certain. If the Debtors failed to refinance the Existing First Lien Credit Facility by that date, initial refinancing fees would be imposed in the amount of (a) $5 million if the refinancing had not occurred by September 12, 2016, and (b) if the refinancing had not occurred on or before September 26, 2016, then $500,000 would be due each two weeks thereafter. As of November 7, 2016, the aggregate outstanding refinancing fees totaled approximately $7 million (the "**Refinancing Accommodation Fee**"). Under the twentieth amendment to the Existing First Lien Credit Facility dated October 19, 2016, the availability block was $20 million for the period from October 31, 2016 to December 31, 2016.[15]

48. In the months leading up to the Petition Date, Erickson retained Haynes and Boone, Alvarez & Marsal, and Imperial to assist with its restructuring efforts. The Debtors, with the assistance of their advisors, determined that the Debtors did not have sufficient liquidity to operate and meet certain debt service obligations during the remainder of 2016, and therefore required additional sources of financing. Accordingly, the Debtors instructed Imperial to identify, assess, and explore options to address the Debtors' liquidity concerns.

49. Specifically, Imperial was tasked with evaluating and pursuing options to refinance the Existing First Lien Facility. On June 13, 2016, Imperial launched a marketing process and contacted ninety-six (96) potential lenders. Forty-four (44) parties signed non-disclosure agreements and received an investor presentation and data room access.

[15] The availability blocks in each instance were consistent with the terms and conditions of the Existing First Lien Credit Facility.

50. Ultimately, Imperial identified the two most likely candidates to provide new liquidity to refinance the Existing First Lien Facility. On June 27, 2016, the Debtors signed a non-exclusive letter of intent with a potential lender (the "**Potential Prepetition Lender**") for a new $150 million credit facility. The Potential Prepetition Lender conducted diligence throughout the month of August 2016, including field exams and appraisals.[16] The Debtors concurrently explored a financing term sheet submitted by a private equity firm. The private equity firm met with the Debtors' management and conducted financial diligence.

51. Subsequently, the Debtors concluded that they required $176 million in total liquidity, including funds to acquire aircraft in order to perform under the VertRep Contract by early December (as described in more detail below). In addition, the Debtors were facing the $14.1 million interest payment obligation coming due on the Second Priority Notes on November 1, 2016, continuing decreased revenues, higher operating losses, and were experiencing continued liquidity constraints due to the availability requirements imposed by the Existing First Lien Lenders under the First Lien Credit Agreement. Consequently, the negotiations with the Potential Prepetition Lender and the private equity firm referenced above both failed to result in a viable proposal. The Debtors realized that in order to continue operations as a going concern, the Debtors would need to engage their prepetition creditor constituencies and consider a path to restructure their balance sheet and equitize a significant portion of their debt. Left with no other alternative, the Debtors began to consider a Chapter 11 reorganization process. Around the same time, an ad hoc group of Second Priority Noteholders (the "**Ad Hoc Noteholders**") was formed and began efforts to engage in restructuring discussions with the Debtors.

[16] Subsequently, the Potential Prepetition Lender submitted a non-binding term sheet for a $170 million credit facility.

IV. THE DIP REVOLVING FACILITY AND THE DIP TERM FACILITY

A. The DIP Loan Negotiations

52. In the months leading up to the Petition Date, the Debtors and their advisors engaged in active dialogue with the Existing First Lien Agent. The Existing First Lien Lenders were not interested in becoming the primary debtor-in-possession lenders. Instead, the Existing First Lien Lenders remained steadfast in their desire to be repaid in full in cash, and would not consent to being primed by a third party DIP lender.

53. Given the lack of interest from the Existing First Lien Agent and the Existing First Lien Lenders, the Debtors contacted fourteen (14) independent third-parties, including the Potential Prepetition Lender, to solicit debtor-in-possession financing proposals. Imperial discussed terms with potential debtor-in-possession lenders regarding financing that would allow the Debtors to obtain the necessary liquidity to successfully enter and exit bankruptcy. Specifically, the Potential Prepetition Lender submitted a term sheet to provide $170 million under a debtor-in-possession financing facility.

54. The Debtors, however, were unable to negotiate acceptable terms on debtor-in-possession financing with potential third parties on terms that were acceptable to the Existing First Lien Agent. The primary areas of disagreement were (i) the Existing First Lien Agent and Existing First Lien Lenders required indefeasible payment in full, in cash, of the entire Existing First Lien Obligations with any alternative DIP loan, and (ii) the Existing First Lien Agent would not consent to priming of its first priority liens on the First Lien Collateral. The potential third party debtor in possession lenders were not interested in being part of a priming fight with the Existing First Lien Agent, or providing financing that would be subordinate to the obligations and liens of the Existing First Lien Lenders or the Second Priority Noteholders.

55. In early October 2016, the Debtors began discussing the possibility of junior debtor in possession financing, as well as the broad terms of a balance sheet restructuring, with the Ad Hoc Noteholders. The Debtors determined that they needed $50 million of additional liquidity, plus the use of the First Lien Lenders' cash collateral in order to stabilize the supply chain, make capital expenditures for government contracts, and fund normal operations in the bankruptcy cases that would implement a balance sheet restructuring and rationalize the Debtors' aircraft fleet. Certain of the members of the Ad Hoc Noteholders entered into confidentiality agreements with the Debtors and began to conduct diligence on potential postpetition financing options. The Ad Hoc Noteholders and their professionals worked expeditiously to evaluate the Debtors' businesses and put forth a proposal on junior postpetition financing.

56. In connection with the Ad Hoc Noteholders' evaluation of postpetition financing options, the Existing First Lien Agent, the Ad Hoc Noteholders, and the Debtors took part in vigorous negotiations during October and November 2016, prior to the Petition Date. These negotiations were complicated by the following conflicting factors, among others:

- The Ad Hoc Noteholders were only willing to provide $50-60 million of new money in the form of DIP financing, junior in priority as to the debt and liens to the Existing First Lien Obligations;
- In addition to the new money from the Ad Hoc Noteholders, the Debtors also needed to use the Existing First Lien Lenders' cash collateral pursuant to the DIP Revolving Facility (defined below);
- The Debtors needed prepetition liquidity from the Existing First Lien Facility of $6-7 million in order to file the Chapter 11 Cases;
- The Existing First Lien Lenders were not willing to provide prepetition liquidity nor use of cash collateral post petition in the form of the DIP Revolving Facility, unless the Ad Hoc Noteholders agreed to reimburse the Existing First Lien Lenders for funding the prepetition liquidity and provide a $10 million pay down of the Existing First Lien Facility;

- Among the issues negotiated between the Existing First Lien Lenders and the Ad Hoc Noteholders in connection with the DIP Facility were: (i) responsibility for funding the prepetition liquidity needs, (ii) treatment of the Refinancing Accommodation Fee, and (iii) a pay down of the Existing First Lien Facility;

- After substantial negotiations, the parties reached a resolution, which is reflected in the DIP Term Sheet attached to the DIP Motion. Specifically, the DIP Term Facility provides for a $10 million pay down of the Existing First Lien Facility and reimbursement of the Existing First Lien Lenders for certain of the prepetition liquidity needs, in exchange for, among other things, a stoppage of accrual of, and eventual waiver of the Refinancing Accommodation Fee (subject to certain conditions) and the consensual use of cash collateral;

- The Debtors determined that a consensual agreement between the Existing First Lien Lenders and the Ad Hoc Noteholders providing for both a DIP Revolving Facility and a DIP Term Facility was necessary to avoid a lengthy, contested cash collateral or priming fight, which would be detrimental to the fragile state of the Debtors' businesses and their relationships with important customers and vendors;

- Neither the Existing First Lien Lenders nor the Ad Hoc Noteholders were willing to provide financing outside of a Chapter 11 process or on terms other than those proposed in the DIP Motion;

The resolution of these conflicting factors took significant time and effort, and resulted in the heavily negotiated DIP Revolving Facility and the DIP Term Facility (collectively, the "**DIP Facility**").

57. The Debtors' urgency in completing the DIP Facility negotiations described above is created in large part by the critical need to acquire aircraft required by the "VertRep Contract." The Military Sealift Command relies upon the capabilities of commercial helicopter operators to vertically replenish vital supplies from supply ships to warships at sea, allowing the United States Navy to power into areas where other navies are incapable of operating. The helicopters "sling" cargo from the supply ship to the receiving ship. This enables the warships to continue their global presence for long periods of time, with extended lines of supply. Therefore,

the Military Sealift Command's Vertical Replenishment ("**VertRep**") program is vital to the interests of the United States.

58. After successfully performing the early phases of the VertRep Contract, Erickson was awarded an additional VertRep detachment. The successful award was a huge win for Erickson. Under the VertRep Contract, Erickson supplies a detachment of aircrew and maintenance personnel, along with two helicopters and related equipment. The VertRep Contract includes stringent requirements regarding, among other things, the specifications of the aircraft and related equipment. All aircraft and equipment must be readily available to perform by early December. Erickson needs funding to purchase the aircraft and related equipment (the "**VertRep Aircraft**") to perform under the VertRep Contracts and earn substantial revenue for the Debtors' estates.

59. Despite the Debtors' efforts to acquire the VertRep Aircraft prepetition, the only source of funds available to the Debtors for the purchase of the VertRep Aircraft is the DIP Facility. Accordingly, obtaining approval of the DIP Facility and access to the funds available under the DIP Facility is critical to purchasing the necessary aircraft to perform under the VertRep Contract. The Debtors' estates will suffer immediate and irreparable harm if the DIP Facility is not approved and and/or the Debtors do not have access to the funds to purchase the VertRep Aircraft on an interim basis. Accordingly, the DIP Facility provides the only hope for the Debtors to make critical payments to preserve the value of their assets, including the VertRep program.

B. The DIP Facility Terms Are Fair and Reasonable

60. The negotiations culminated in two debtor-in-possession financing facilities—the DIP Revolving Facility and the DIP Term Facility. The Existing First Lien Lenders and the Existing First Lien Agent have committed to providing the DIP Revolving Facility, and the

Second Priority Noteholders have agreed to provide the DIP Term Facility. The terms of the DIP Revolving Facility and the DIP Term facility are further described in the DIP Motion. As described in the DIP Motion, the Debtors may obtain funding for expenditures in accordance with an approved budget (the "**DIP Budget**"), which is attached as an exhibit to the DIP Motion.

61. The proceeds of the DIP Facility are sized to support the Debtors through the anticipated pendency of the Chapter 11 Cases. I believe the financial terms and covenants of the DIP Facility are reasonable under the circumstances for financing of this kind—notably, a junior postpetition financing behind a significant amount of first lien secured debt. Specific to the Chapter 11 Cases, the DIP Facility sets certain milestones for confirmation of a plan of reorganization and other restructuring initiatives and entitles the DIP Lenders to certain fees. Based on the extensive negotiations that took place, I believe that these are the only terms on which the DIP Lenders will provide the financing.

62. It is my understanding that any alternative financing arrangement, including an arrangement provided by other potential debtor-in-possession lenders, likely would have led to a lengthy and potentially value-destructive priming fight. Moreover, I understand that the DIP Lenders would not have been amenable to providing financing without these heavily bargained-for provisions detailed in the DIP Motion. In the course of negotiations with the DIP Lenders, the Debtors proposed that the DIP Lenders provide the DIP Facility with lower or no associated fees and free from procedural milestones. The DIP Lenders made clear that they would not be willing to provide the DIP Facility on more favorable terms. On the other hand, the Debtors successfully negotiated several key concessions from the DIP Lenders, including, for example, (a) payment of budgeted estate professional fees, (b) a carve-out for estate professionals' fees and expenses, (c) a reserve for accrued employee benefits following an event

of default, (d) budgeted use of funds for a statutory committee of unsecured creditors to investigate the prepetition liens and claims of the Existing First Lien Agent, Existing First Lien Lenders, Indenture Trustee and the Second Priority Noteholders, and (e) the reduction of the financing fees from the amounts originally proposed, subject to compliance with the "Objection Provisions" of the Interim Order and the Final Order. The Debtors' access to DIP Financing is necessary to enable the Debtors to adequately equip, service, and maintain their aircraft and ensure safe operation.

63. I believe that the terms of the DIP Term Facility and DIP Revolving Facility, including the provisions described above, constitute the only terms the Debtors could achieve on which the DIP Lenders will extend the necessary postpetition financing. Although the Debtors exhaustively explored whether the DIP Lenders would provide the DIP Term Facility and the DIP Revolving Facility on better terms, in the course of negotiations, the DIP Lenders were not willing to provide the DIP Facility on any more favorable terms.

64. In particular, it is my understanding that the effective "roll-up" feature of the Existing First Lien Facility and the DIP Revolving Facility is a key component of consideration for the Existing First Lien Agent without which they have indicated they are unwilling to provide the DIP Revolving Facility. In fact, the Existing First Lien Agent and Existing First Lien Lenders have demanded adequate protection of their interests in the First Lien Collateral, with all proceeds of the First Lien Collateral first being applied against the Existing First Lien Obligations. Without the availability of the DIP Revolving Facility, the Debtors would not have sufficient liquidity to fund their operations, even with the DIP Term Loan.

65. Accordingly, the Debtors, with the advice of Imperial and the Debtors' other advisors, recognized the absence of more favorable competing proposals and the benefits to be

provided under the DIP Revolving Facility and determined in their sound business judgment that the terms of the DIP Revolving Facility were and remain superior to any other set of terms reasonably available to the Debtors at this time. Further, the lack of interest from third-parties in providing the DIP Term Facility on a junior basis to the Existing First Lien Facility and the DIP Revolving Facility, necessitated the terms and conditions provided to the Ad-Hoc Noteholders with respect to the DIP Term Facility.

66. I believe that the DIP Facility provides the Debtors with the best, most feasible, and most value-maximizing financing option available at this time.

C. The Terms of Continued Cash Collateral Use are Fair and Reasonable

67. In addition to the DIP Facility, the Debtors require the continued use of their existing cash collateral and were willing to provide to the Existing First Lien Agent and the Existing First Lien Lenders adequate protection of their interests in the First Lien Collateral with the proceeds of the First Lien Collateral being applied in reduction of the Existing First Lien Credit Facility. The Existing First Lien Agent has consented to such use of cash collateral for the purpose of application of such proceeds of the First Lien Collateral in reduction of the Existing First Lien Obligations, while providing availability to borrow under the DIP Revolving Facility. The DIP Loan Documents and Interim Order thereby provide for the Debtors' continued access to Cash Collateral.

68. I believe that continued access to Cash Collateral is necessary for the Debtors to obtain access to the DIP Revolving Facility pursuant to the negotiations with the Existing First Lien Agent, which will ensure that the Debtors (a) have access to sufficient working capital to, among other things, pay their employees, aircraft and equipment lessors, vendors, and suppliers, (b) continue honoring their obligations under and in accordance with other "first-day" orders

entered by the Court, and (c) satisfy administrative expenses incurred in connection with the commencement of the Chapter 11 Cases.

D. The Superpriority Claims and Priming Liens Are Justified Under the Circumstances

69. In the course of the Debtors' and Imperial's efforts to seek out alternative financing, the Debtors gauged whether parties would be willing to provide postpetition financing on a non-superpriority, unsecured, or non-priming basis. The Debtors were unable to obtain financing, or even indicative offers to provide such financing, on such terms. In other words, no one would provide DIP financing subordinate to either the Existing First Lien Lenders or the Second Priority Noteholders. In particular, I believe that the Debtors' significant prepetition secured debt precludes them from obtaining postpetition financing in the amount they require on terms other than those proposed in the DIP Motion. Moreover, and in light of potential DIP lenders' unwillingness to provide financing on a non-priming basis, I believe that potential DIP lenders were unwilling to engage in a protracted priming fight with the Existing First Lien Agent and/or the Second Priority Noteholders — particularly within the available timeframe — thus deterring such parties from submitting financing offers.

70. In light of the likely disruptive effects of any priming fight, as well as the Debtors' desire to administer the Chapter 11 Cases on an efficient and consensual basis, I believe that entering into the DIP Facility with the DIP Lenders best maximizes the value of the Debtors' assets and their estates at this time. Avoiding disruption is critical to the Debtors' ability to maintain safe, airworthy aircraft.

E. The DIP Facility Was Negotiated In Good Faith

71. The terms outlined in the DIP Term Sheet are the result of good-faith, arms-length negotiation between the Debtors, the Existing First Lien Agent, and the Ad-Hoc Noteholders, and they represent the most favorable terms that the Debtors could obtain.

F. The Debtors Require Immediate Access to Cash Collateral and the DIP Facility to Avoid Immediate and Irreparable Harm

72. The Debtors will suffer immediate and irreparable harm if the interim relief sought in the DIP Motion is not granted. If the interim relief sought in the DIP Motion is not granted on an interim basis, the Debtors risk, among other things, potential: loss of employees, loss of access to sole-source and critical vendors for parts and services needed to maintain the fleet and ensure safe and uninterrupted operations, loss of valuable contracts and business opportunities (including the VertRep Contract which requires significant capital immediately to preserve the value of the contract), and harm to national security, public safety, and employees if the Debtors do not have sufficient funding on day one to deal with contingencies that arise in the Debtors' businesses.

V. FIRST DAY PLEADINGS

73. Below is an overview of the First Day Pleadings. The First Day Pleadings seek relief intended to facilitate a smooth transition for the Debtors into the Chapter 11 Cases and minimize disruptions to the Debtors' business operations. Capitalized terms used but not otherwise defined in this section of this Declaration shall have the meanings ascribed to them in the relevant First Day Pleading.

A. Debtors' Emergency Motion for Entry of an Order Authorizing Joint Administration of Chapter 11 Cases Pursuant to Rule 1015(b) of the Federal Rules of Bankruptcy Procedure ("Joint Administration Motion")

74. In the Joint Administration Motion, the Debtors request entry of an order directing procedural consolidation and joint administration of the Chapter 11 Cases. The Debtors are "affiliates" as defined in Bankruptcy Code § 101(2), as Erickson Incorporated directly or indirectly owns and controls 100 percent of the equity interests of all the other Debtors.

75. I believe that Joint Administration of the Chapter 11 Cases will save the Debtors and their estates substantial time and expense because joint administration of these cases will remove the need to prepare, replicate, file, and service duplicative notices, applications, and orders. Further, joint administration will relieve the Court of entering duplicative orders and maintaining duplicative files and dockets. The United States Trustee for the Northern District of Texas and other parties in interest will similarly benefit from joint administration of these Chapter 11 Cases by sparing them the time and effort of reviewing duplicative pleadings and papers.

76. I do not believe joint administration will adversely affect creditors' rights because the Debtors request only the administrative consolidation of the estates. The Debtors do not seek substantive consolidation. As such, each creditor may still file its proof of claim against a particular estate. Accordingly, on behalf of the Debtors, I respectfully submit that the Joint Administration Motion should be approved.

B. Debtors' Emergency Motion For Entry Of An Order (I) Extending The Time To File Schedules And Statements, (Ii) Waiving The Requirement To File An Equity List And Provide Notices Directly To Equity Security Holders, And (Iii) Approving The Form And Manner Of Notifying Creditors Of The Commencement Of The Debtors' Chapter 11 Cases ("Schedules and Notice Motion")

77. In the Schedules and Notice Motion, the Debtors seek entry of an order (i) extending the deadline by which the Debtors must file their schedules of assets and liabilities,

schedules of current income and expenditures, schedules of executory contracts and unexpired leases, and statements of financial affairs (collectively, the "**Schedules and Statements**") by 30 days, for a total of 44 days from the Petition Date, through and including Thursday, December 22, 2016, (ii) waiving the requirement to file a list of and provide notice directly to Debtor Erickson Incorporated's equity security holders, and (iii) approving the form and manner of notice of commencement of these Chapter 11 Cases and the scheduling of the meeting of creditors to be held pursuant to Bankruptcy Code § 341 (the "**Notice of Commencement**").

Extension of Deadline to File Schedules and Statements

78. To prepare the Schedules and Statements, I understand that the Debtors must compile information from books, records, and documents maintained by each of these seven Debtors, relating to the claims of thousands of creditors, as well as the Debtors' many assets and contracts. Given the scope of the Debtors' operations, it will take substantial time to gather and process such information. The Debtors have a limited number of employees with detailed knowledge of the Debtors' financial affairs and the skill to perform the necessary review and analysis of the Debtors' financial records. In light of the size and complexity of the Debtors' businesses, and the resulting significant amount of work required to complete the Schedules and Statements, as well as the competing demands on the Debtors' employees and professionals to assist in critical efforts to stabilize the Debtors' business operations during the initial postpetition period, I believe an extension is necessary.

79. I believe the requested extension also will aid the Debtors in efficiently preparing accurate Schedules and Statements, as it will allow the Debtors to account for prepetition invoices not yet received or entered into their accounting systems as of the Petition Date, and will minimize the possibility that any subsequent amendments to the Schedules and Statements

are necessary. As such, I believe the extension will benefit not only the Debtors, but all creditors and other parties in interest. Although the Debtors, with the assistance of their professional advisors, have begun to compile the information necessary for the Schedules and Statements, the Debtors have been consumed with a multitude of other legal, business, and administrative matters in the weeks prior to the Petition Date. Nevertheless, recognizing the importance of the Schedules and Statements in these Chapter 11 Cases, I understand that the Debtors intend to complete the Schedules and Statements as quickly as possible under the circumstances.

80. I believe the Debtors will require at least thirty (30) additional days to finalize the Schedules and Statements. In view of the amount of information that must be assembled and compiled, and the limited time available to do so, I believe that ample cause exists for the requested extension.

Waiver of Requirement to File an Equity List for Erickson Incorporated and Provide Notices Directly to Equity Security Holders

81. Debtor Erickson Incorporated, the direct or indirect parent of all the other Debtors, is a public company traded on the NASDAQ under the ticker "EAC." As of October 28, 2016, Erickson Incorporated had 13,895,421 shares of common stock outstanding. Further, the holders of such common stock change on a regular basis through active trading. Erickson Incorporated does not maintain a list of its equity security holders (an "**Equity List**") and therefore must obtain the names and addresses of its shareholders from a securities agent.

82. I believe that preparing an Equity List for Erickson Incorporated with accurate names and last known addresses, and providing notices to all such parties of the commencement of the Chapter 11 Cases would create undue expense and administrative burden without a corresponding benefit to the estates or parties in interest. Moreover, Erickson Incorporated filed with its petition a list of significant holders of its outstanding common stock based on

information ascertained from filings with the Securities and Exchange Commission. Further, as soon as is practicable following the date hereof, I understand that Debtors intend to cause the notices required under Bankruptcy Rule 2002(d) to be served on *registered* holders of Erickson Incorporated's common stock. Accordingly, the Debtors respectfully request that the requirements to file a list of and to provide notice directly to Erickson Incorporated's equity security holders be waived.

Notice of Commencement

83. Through Kurtzman Carson Consultants LLC, the Debtors' proposed Noticing and Claims Agent, as soon as practicable after entry of an order granting the Schedules and Notice Motion, the Debtors propose to mail or cause to be mailed the Notice of Commencement to all creditors and all parties required to receive notice under Bankruptcy Rule 2002. In addition, the Debtors propose to publish, as soon as practicable, the Notice of Commencement once in the national edition of USA Today.

84. I believe that publication of the Notice of Commencement is the most practical method by which to notify those creditors and other parties in interest who do not receive the Notice of Commencement by mail of the commencement of these Chapter 11 Cases and constitutes an efficient use of the estates' resources.

85. I believe that the relief requested in the Schedules and Notice Motion is in the best interests of the Debtors' estates, their creditors, and all other parties in interest, and will enable the Debtors to continue to operate their businesses in Chapter 11 without disruption. Accordingly, on behalf of the Debtors, I respectfully submit that the Schedules and Notice Motion should be approved.

C. Debtors' Emergency Motion For Order (I) Authorizing Continued Use Of Existing Business Forms And Records; (II) Authorizing Maintenance Of Existing Corporate Bank Accounts And Cash Management System; (III) Waiving Certain U.S. Trustee Requirements; And (IV) Authorizing Continuation Of Intercompany Transactions With Section 364(a) Administrative Priority ("Cash Management Motion")

86. In the Cash Management Motion, the Debtors seek entry of an order (i) authorizing the Debtors to continue using their existing business forms and records; (ii) authorizing the Debtors to maintain the Bank Accounts and Cash Management System; and (iii) granting the Debtors a waiver of certain bank account and related requirements of the Office of the United States Trustee for the Northern District of Texas and Section 345(b) of the Bankruptcy Code to the extent that such requirements are inconsistent with (a) the Debtors' existing practices under their cash management system or (b) any action taken by the Debtors in accordance with any order granting the Cash Management Motion or any other order entered in the Chapter 11 Cases.

Books and Records

87. I believe that opening a new set of books and records would create unnecessary administrative burdens and hardship and would cause unnecessary expense, utilization of resources, and delay. The Debtors, in the ordinary course of their businesses, use many checks, invoices, stationery, and other business forms. By virtue of the nature and scope of the business in which the Debtors are engaged and the numerous other parties with whom they deal, I believe the Debtors need to use their existing business forms without alteration or change. I believe that printing new business forms would take an undue amount of time and expense. I believe fulfillment of the requirement would likely delay the payment of postpetition claims and negatively affect operations and the value of these estates.

Bank Accounts and Cash Management System

88. Prior to the Petition Date, in the ordinary course of business, the Debtors used a cash management system (the "**Cash Management System**") to efficiently collect, transfer and disburse funds generated by their business operations. The Cash Management System consists of two distinct structures: (1) three domestic accounts at Wells Fargo Bank, National Association ("**Wells Fargo**") supporting the operations of Erickson Helicopters, Inc. ("**EHI**") and (2) four domestic accounts at Wells Fargo supporting the operations of Erickson Incorporated ("**EI**"). Wells Fargo is an authorized depository pursuant to the United States Trustee's Authorized Depository Listing established for the Northern District of Texas. Attached hereto as **Exhibit A** is an illustration showing the structure of the Cash Management System. The Debtors do not hold the foreign operating bank accounts that support the Debtors' international operations.

89. The EI domestic accounts include:

i. A master operating account at Wells Fargo (XXXX-0235) (the "**EI Operating Account**" and collectively with the EHI Operating Account, the "**Operating Accounts**"). The EI Operating Account receives draws on the Debtors' obligations under its First Lien Credit Agreement dated May 2, 2013 (the "**Revolver**") and is used to process outgoing wire transfers and electronic payments. The EI Operating Account is primarily used to fund the EI Disbursement Account (as more fully described below), the EHI Operating Account (as more fully described below), and the EI Payroll Account (as more fully described below).

ii. A controlled disbursement account at Wells Fargo (XXXX-6165) (the "**EI Disbursement Account**" and collectively with the EHI Disbursement Account (as defined below), the "**Disbursement Accounts**"). The EI Disbursement Account is a ZBA account and is used primarily for centrally controlled check runs. The EI Disbursement Account is funded by the EI Operating Account.

iii. A payroll and benefits account at Wells Fargo (XXXX-2897) (the "**EI Payroll Account**" and collectively with the EHI Payroll Account (as defined below), the "**Payroll Accounts**"). The EI Payroll Account is a ZBA Account. The funds in the EI Payroll Account are recurring and are used to fund payroll, payroll taxes, and benefit requirements.

iv. A depository account at Wells Fargo (XXXX-2871) (the "**EI Depository Account**" and collectively with the EHI Depository Account, the "**Depository Accounts**"). The EI Depository Account receives customer collections which are primarily in the form of wire transfers. The EI Depository Account is currently swept daily to pay down the Revolver.

90. The EHI domestic accounts include:

i. A master operating account at Wells Fargo (XXXX-0245) (the "**EHI Operating Account**"). The EHI Operating Account is used to process outgoing wire transfers and electronic payments, and the source of funds for this account is the EI Operating Account. The EHI Operating Account is primarily used to fund the EHI Disbursement Account (as more fully described below) and the EHI Payroll Account (as more fully described below).

ii. A controlled disbursement account at Wells Fargo (XXXX-9946) (the "**EHI Disbursement Account**"). The EHI Disbursement Account is funded by the EHI Operating Account.

iii. A payroll and benefits account at Wells Fargo (XXXX-0252) (the "**EHI Payroll Account**"). The EHI Payroll Account is funded from the EHI Operating Account.

iv. A depository account at Wells Fargo (XXXX-0237) (the "**EHI Depository Account**"). The EHI Depository Account receives customer collections which are primarily in the form of wire transfers. The EHI Depository Account is currently swept daily to pay down the Revolver.

91. The Debtors' non-debtor subsidiaries maintain certain international accounts (the "**Foreign Accounts**") that are primarily used to run daily operations in foreign countries. The Foreign Accounts are held by the non-Debtor subsidiaries in Canada, Italy, Malaysia, Brazil, Netherlands, Peru, and Turkey.

92. As set forth in the DIP Financing Motion filed concurrently herewith, the Debtors also request authority (i) to maintain their Bank Accounts subject to control agreements presently in place between the Debtors and the Prepetition First Lien Agent (as defined in the DIP Financing Motion) and such other agreements as may be in form and substance acceptable to the

DIP Revolving Agent (as defined in the DIP Financing Motion) and (ii) to continue in place the first-priority perfected liens on all of the cash in the Bank Accounts in favor of the Prepetition First Lien Agent (and thereafter the DIP Revolving Agent) and grant the DIP Revolving Agent and/or its authorized representative "view-only" electronic access to each of the Bank Accounts.

Use of Corporate Bank Accounts

93. The Debtors respectfully request authority to maintain their existing Bank Accounts and Cash Management System in accordance with their usual and customary practices to ensure a smooth transition into chapter 11 with minimal disruption to operations.

94. The Debtors also request authority to close any of the Bank Accounts or open new bank accounts if, in the exercise of their business judgment, the Debtors determine that such action is in the best interest of their estates or if a new bank account is required to comply with an order of the Bankruptcy Court; provided that Debtors shall not close any Bank Accounts (a) at Wells Fargo or (b) subject to control agreements in favor of Wells Fargo as secured party thereunder without, in each case, the prior written consent of the DIP Revolving Agent or further order of this Court.

95. I believe that only if the Debtors continue to use the Bank Accounts with the same account numbers can the transition into Chapter 11 be smooth and orderly, with minimal interference with continuing operations. I believe that requiring the Debtors to open new accounts and obtain checks for those accounts will cause delay and disruption to the Debtors' businesses. The Debtors will add the designation "Debtor-in-Possession" or "DIP" to any checks in their possession and instruct the Bank to add the designations to current and any future Accounts.

96. By preserving business continuity and avoiding operational and administrative paralysis that closing the existing Bank Accounts and opening new ones would necessarily create, I believe all parties-in-interest will be best served and the benefit to the Debtors' estates will be considerable. The Bank Accounts are in a financially stable institution that is insured by the Federal Deposit Insurance Corporation up to the applicable limit. I believe the confusion that would otherwise result could only work to the detriment of the Chapter 11 Cases.

Cash Management System

97. I believe the Debtors' Cash Management System constitutes an ordinary course, essential business practice providing significant benefits to the Debtors including, among other things, the ability to (i) control funds, (ii) ensure the availability of funds when necessary, and (iii) reduce costs and administrative expenses by facilitating the movement of funds and the development of more timely and accurate account balance information. I believe that any disruption of the Cash Management System could have a severe and adverse impact upon the Debtors' reorganization efforts.

98. In the ordinary course of business, the Debtors and their non-debtor subsidiaries maintain business relationships with each other, resulting in unsecured intercompany receivables and payables (the "**Intercompany Transactions**"). Each month there is a true-up of the obligations between the Debtors and their non-debtor subsidiaries, and those debits and credits are consolidated to a net intercompany balance between the Debtors and the applicable non-debtor subsidiary. These Intercompany Transactions create intercompany claims for reimbursement for which the Debtors seek an order of this Court granting administrative priority under section 364(a) of the Bankruptcy Code, subject in all instances to the superpriority claims

and liens granted under the DIP Facility, including such claims under section 507(b) and 364(c)(1) of the Bankruptcy Code (as defined in the DIP Financing Motion).

99. I believe that continuation of the Intercompany Transactions is in the best interests of the Debtors' estates and their creditors. Additionally, the Debtors respectfully request that, pursuant to section 364(a) of the Bankruptcy Code, all unpaid claims arising from Intercompany Transactions after the Petition Date be accorded administrative status. Notably, administrative expense treatment for intercompany claims, as requested here, has been granted in other comparable chapter 11 cases in this district.

100. At any given time, there may be balances due and owing by and among the Debtors' various entities. The Debtors, through the banking transactions described in the Cash Management Motion, maintain records of, and can ascertain, trace and account for, the Intercompany Transactions. Moreover, the Debtors and the banks described in the Cash Management Motion will continue to maintain such records, including records of all current intercompany accounts receivables and payables, in the postpetition period. Thus, the propriety of all these transfers can be verified.

101. I believe the relief requested in the Cash Management Motion is vital to ensuring the Debtors' seamless transition into bankruptcy. I believe that authorizing the Debtors to maintain their Cash Management System, as modified, will avoid many of the possible disruptions and distractions that could divert the Debtors' attention from more pressing matters during the initial days of the Chapter 11 Cases.

Waiver of U.S. Trustee Guidelines

102. Further, the Debtors seek a waiver of the U.S. Trustee Guidelines to the extent that the requirements of such Guidelines otherwise conflict with (a) the Debtors' existing

practices under the Cash Management System or (b) any action taken by the Debtors in accordance with any Order granting the Cash Management Motion or other order entered in the Chapter 11 Cases. I believe the use of the Debtors' Cash Management System is an ordinary course, customary, essential business practice. I believe that requiring that the Debtors alter their current practices to comply with the Guidelines would risk disruption to the Debtors' businesses and be inefficient.

103. While the Debtors believe that their cash management practices comply with Section 345(b) of the Bankruptcy Code, to the extent that that the requirements of Section 345(b) are inconsistent, or otherwise conflict, with (a) the cash management practices under the Cash Management System or (b) any action taken by the Debtors in accordance with an order of this Court, the Debtors seek a waiver of the requirements of Section 345(b) to allow the Debtors to continue their existing cash management practices.

104. I believe that the relief requested in the Cash Management Motion is in the best interests of the Debtors' estates, their creditors, and all other parties in interest, and will enable the Debtors to continue to operate their business in Chapter 11. Accordingly, on behalf of the Debtors, I respectfully submit that the Cash Management Motion should be approved.

D. Debtors' Application For Entry Of An Order, Pursuant To 28 U.S.C. § 156(c), Authorizing The Retention And Appointment Of Kurtzman Carson Consultants LLC As Claims, Noticing, And Balloting Agent Nunc Pro Tunc To The Petition Date ("Claims Agent Application")

105. In the Claims Agent Application, the Debtors seek entry of an order appointing Kurtzman Carson Consultants LLC as the Claims and Noticing Agent for the Debtors in their Chapter 11 Cases, including assuming full responsibility for the distribution of notices and the maintenance, processing, and docketing of proofs of claim filed in the Debtors' Chapter 11 Cases. It is my understanding that KCC has substantial experience in matters of this size and complexity

and has acted as the official claims and noticing agent in many large bankruptcy cases. I believe that KCC is fully equipped to manage claims issues and provide notice to creditors and other interested parties in these Chapter 11 Cases and, therefore, on behalf of the Debtors, I respectfully submit that the Claims Agent Application should be approved.

E. Debtors' Emergency Motion For An Order Pursuant To 11 U.S.C. §§ 105(a) And 363(c) Authorizing The Debtors To (I) Continue Their Insurance Policies And Bond Obligations And (II) Pay Insurance Premiums, Bond Payments And Financing Payments Thereon ("Insurance Motion")

106. In the Insurance Motion, the Debtors are requesting authority, subject to the terms, conditions, limitations, and requirements of the financing orders entered in the Chapter 11 Cases, (i) to continue to administer the Insurance Programs and renew or obtain new Bonds in the ordinary course of business, (ii) to pay outstanding prepetition Insurance Loan Payments and prepetition amounts due under the Insurance Policies and Bonds, and (iii) to continue to pay premiums for the Bonds and Insurance Loan Payments in the ordinary course of business to the extent they may become due and payable on a postpetition basis according to the terms of the Insurance Policies, related insurance premium financing agreements and Bonds.

107. In connection with the operation of their businesses, the Debtors maintain various Insurance Policies from third-party Insurance Providers. A list of the Debtors' Insurance Policies is set forth in **Exhibit A** of the Insurance Motion. Certain other policies exist that relate to Acts of Terrorism and can be discussed in camera, if necessary.

108. The Debtors obtained and maintain certain Insurance Policies through their broker Willis Towers Watson (collectively, with certain affiliates, "**Broker**"), including the Auto Policy, the Domestic Workers Comp, the Foreign Workers Comp, the Aviation Program, the Marine Program and the Political Risk Policy (as each is defined).

- The Debtors have automobile insurance, covering physical damage as well as liability, though Illinois National Insurance Co. (the "**Auto Policy**"). The Auto Policy coverage is

for the period of April 1, 2016 through April 1, 2017. The aggregate premium for the Auto Policy is $124,382, including a required down payment of $31,097, and nine (9) monthly installments of $10,365.[17] The Debtors previously remitted the down payment and all monthly installments through June 2016.

- The Debtors maintain domestic workers compensation and employer liability insurance though Pacific Indemnity Company (the "**Domestic Workers Comp**"). The Domestic Workers Comp coverage is for the period of April 1, 2016 through April 1, 2017. The aggregate premium for the Domestic Workers Comp is $607,932, including a required down payment of $174,507 and three (3) quarterly installments due in July and October 2016 and January 2017 in the amount of $144,475. The Debtors previously remitted the down payment and the July 2016 installment.

- The Debtors have foreign workers compensation and employer liability insurance though Vigilant (the "**Foreign Workers Comp**"). The Foreign Workers Comp coverage is for the period of April 1, 2016 through April 1, 2017. The premium for the Foreign Workers Comp is $519,625, including a required down payment of $18,702, and three (3) quarterly installments due in July and October 2016 and January 2017 in the amount of $148,609. The Debtors previously remitted the down payment and the July installment.

- The Debtors maintain aviation-related insurance, including general liability and products liability from multiple insurers, including National Union Fire Insurance Company of Pittsburgh, PA, and Starr Indemnity & Liability Co. (the "**Aviation Program**"). The Aviation Program coverage is for the period of June 30, 2016 through June 30, 2017. The aggregate premium for the Aviation Program is $3,100,012.16, with four (4) quarterly installments due in July and October 2016, and January and April 2017 in the amount of $766,390.79. Additionally, the June 2016 payment included taxes and charges of $34,449, for a total of $800,839. The Debtors previously remitted the down payment and all installments through and including October 2016.

- The Debtors maintain hull war insurance through Lloyd's of London (the "**Hull War Insurance**"). The Hull War Insurance coverage is for the period of June 30, 2016 through June 30, 2017. The aggregate premium for the Hull War Insurance is $399,470.31, with four (4) quarterly installments due in August and October 2016, and January and April 2017, in the amount of $97,618.60. Additionally, the August 2016 payment included taxes and charges of $8,995.91, for a total of $106,614.51. The Debtors previously remitted the payment for the August installment.

- The Debtors have marine-related insurance, including marine transit and storage insurance ("**Marine Transit**") and marine excess storage insurance ("**Marine Excess**," together with Marine Transit, the "**Marine Program**") from Lloyd's of London. The Marine Program coverage is for the period of June 30, 2016 through June 30, 2017. The premium for the Marine Transit coverage is $163,000, with four quarterly installments due in July and October 2016, and January and April 2017 in the amount of $40,750.

[17] Each payment under the Auto Policy requires a $5 installment fee.

The Debtors previously remitted all installments through and including October 2016. The premium for the Marine Excess coverage is $106,372, paid semiannually, in the amount of $53,186. The Debtors previously remitted the most recent semiannual payment of $53,186 in August 2016.

- The Debtors have political risk insurance which covers inventory, stock and supplies with Lloyd's of London (the "**Political Risk**"). The Political Risk coverage is for the period of June 30, 2016 through June 30, 2017. The aggregate premium for the Political Risk coverage is approximately $30,000, with four (4) quarterly installments due in October 2016, and January, April and July 2017 in the amount of approximately $7,500. The Debtors have not yet been invoiced for the quarterly installment due in October 2016 but previously remitted all installments.

109. The Debtors have pollution liability insurance with Steadfast Insurance Company (the "**Pollution Liability**"), which relate to certain environmental liabilities for specific locations related to operations of Erickson Helicopters Inc.'s predecessor. The Pollution Liability coverage is for the period of May 2, 2013 through May 2, 2023. The premiums for this policy were prefunded, and therefore, there are no amounts due under this policy.

110. Further, the Broker requires a service fee with the aviation placement and overall accounting services (the "**Service Agreement**"). The annual fee associated with the Service Agreement is $372,598, paid in quarterly installments due in July and October of 2016, and January and April of 2017, in the amount of $93,149.40. The Debtors previously remitted the down payment and are current on the installment payments.

111. The Debtors are also required to participate in an aviation program for their operations in Canada (the "**Canadian Aviation Insurance Program**"). The Canadian Aviation Insurance Program includes aircraft hull and liability insurance and general liability insurance and coverage is for the period June 30, 2016 through June 30, 2017. The Canadian Aviation Insurance Program is issued through AIG Insurance Company of Canada. The aggregate premium for the Canadian Aviation Program is $248,630, with four (4) quarterly installments due July 27, 2016, September 30, 2016, December 30, 2016 and March 30, 2017 in the amount

of $62,157.50. The Debtors previously remitted the down payment and all installments through and including September 2016.

112. On April 11, 2016, the Debtors entered into a Premium Finance Agreement (the "**Flatiron Agreement**,") with Flatiron Capital ("**Flatiron**") to finance premiums on several of the Debtors' Insurance Policies. The Flatiron Agreements provides that the finance company has, among other things, a security interest in unearned premiums. The Debtors financed a total of $488,756.23 with Flatiron under the Flatiron Agreement and are obligated to pay to Flatiron $49,703.78 a month (the "**Insurance Loan Payment**") through February 2017. The Flatiron Agreement also grants the applicable finance company an irrevocable power of attorney to cancel the insurance policies financed thereunder in the event that the Debtors default in making the Insurance Loan Payment under the Flatiron Agreement.

- The Debtors maintain workers compensation and employer liability insurance policy under the Defense Base Act through Allied World Assurance Company (the "**DBA Comp**"). The DBA Comp coverage is for the period of April 1, 2016 through April 1, 2017.

- The Debtors have certain property and package insurance through multiple providers including Chubb Custom Insurance Company and Federal Insurance Company (the "**Property Insurance**"). The Property Insurance coverage is for the period of April 1, 2016 through April 1, 2017.

- The Debtors have a number of policies related to certain executive and business risk, including, D&O insurance, fiduciary insurance and employment practices liability insurance, from several providers including Argonaut Midwest Insurance Company and Starr Indemnity and Liability Company (the "**Executive Risk Program**"). The Executive Risk Program coverage is for the period of April 11, 2016 through April 11, 2017.

113. In the ordinary course of their businesses, the Debtors are required by certain US and foreign laws to provide to certain third parties surety bonds (collectively, the "**Bonds**") to secure the Debtors' payment or performance of certain obligations (the "**Bond Obligations**"). The Debtors currently have three (3) Bonds, and premiums for the Bonds are due at various

times throughout the year and expire at various times as reflected in the schedule attached to the Insurance Motion as **Exhibit B**. The Bonds are issued by Travelers Casualty and Surety Company and Surety Company of Canada in varying amounts. The Debtors believe they are current with respect to all of the premiums due under the Bonds and no further premiums will come due until mid- 2017.

114. I believe that it is essential to the Debtors' continued operation and reorganization efforts that the Debtors maintain the Insurance Policies and Bonds on an ongoing and uninterrupted basis. The Insurance Policies provide a comprehensive range of coverage for the Debtors and their assets. I believe that allowing the Insurance Policies to lapse would expose the Debtors to substantial liability for any damages resulting to persons or property of the Debtors and others, and the Debtors would have to bear the costs and expenses of defense litigation. Moreover, it is my understanding that the United States Trustee for the Northern District of Texas will require maintenance of the Insurance Policies on a postpetition basis.

115. Additionally, the Bonds are required for the Debtors to continue their operations. Failure to provide, maintain and timely replace these surety bonds could jeopardize the Debtors' ability to comply with customer contracts and generally conduct their operations. If any of the Bonds are cancelled, the Debtors' operations could be severely affected, endangering the Debtors' ability to maximize the value of their estates.

116. Further, the Debtors must be able to make prepetition and postpetition Insurance Loan Payments and Bond premiums in order to avoid termination of the Insurance Policies and cancellation of the Bonds.

117. I believe that the relief requested in the Insurance Motion is in the best interests of the Debtors' estates, their creditors, and all other parties in interest. Accordingly, on behalf of the Debtors, I respectfully submit that the Insurance Motion should be approved.

F. Debtors' Emergency Motion For Order (I) Authorizing Debtors To Pay Certain Prepetition (A) Employee Wages, Other Compensation And Reimbursable Employee Expenses And (B) Independent Contractor Obligations; (II) Continuing Employee Benefits Programs; And (III) Authorizing Financial Institutions To Honor And Process Checks And Transfers Related To Such Obligations Pursuant To Sections 105(a), 363(a), And 507(a) Of The Bankruptcy Code And Bankruptcy Rules 6003 And 6004 ("Wages Motion")

118. In the Wages Motion, the Debtors request entry of an order (i) authorizing, but not directing, the Debtors to (a) pay, in their sole discretion, all obligations incurred under or related to wages, salaries, other compensation, payroll taxes and deductions, reimbursable employee expenses, payroll benefit providers, employee benefits, and service fees (collectively, the "**Employee Obligations**") and all costs related to the foregoing, and (b) maintain and continue to honor their practices, programs, and policies in place for their employees, as such may be modified, amended, or supplemented from time to time in the ordinary course of business,[18] (ii) authorizing, but not directing, the Debtors to pay, in their sole discretion, all prepetition claims of Independent Contractors (as hereinafter defined) (the "**Independent Contractor Obligations**") and (iii) authorizing and directing the Debtors' banks and financial institutions to receive, process, honor, and pay checks presented for payment and electronic payment requests relating to the Employee Obligations and the Independent Contractor Obligations. Additionally, the Debtors seek to modify the automatic stay in favor of claimants seeking to recover under the workers compensation programs; provided, however, that such

[18] The summary of the Debtors' various Employee Obligations provided herein is qualified entirely by the Debtors' official policies or other practices, programs or agreements, whether written or unwritten, evidencing an arrangement among the Debtors and their Employees (as defined herein) (each, an "**Official Policy**"). In the event of any inconsistency or ambiguity between the summary contained in the Wages Motion and an Official Policy, the terms of such Official Policy shall govern.

claims are pursued in accordance with the workers compensation programs, and recoveries, if any, are limited to the proceeds from the applicable workers compensation programs.

119. As of the Petition Date, Erickson Incorporated employs 711 employees, including 680 full-time employees and 31 part-time employees (the "**Employees**"). Six hundred forty three (643) of the Employees are domestic and the remainder are foreign nationals.

120. Included among the Employees are pilots and maintenance crews that work in various operating jurisdictions, domestic aircrew, mechanics, engineers, and warehousemen. Many of the Employees have specific skill sets, licenses, and expertise that are essential to the Debtors' operations. The crew and other flight-related employees are critical to the Debtors' operations, and without which all operations would cease. Additionally, the Employees responsible for the ongoing business operations, including sales, customer service, information technology, accounting and finance, legal, and other related tasks are equally as important to the business operations. Their skills, knowledge and understanding with respect to the Debtors' business operations, customer relations, and infrastructure are required for the effective reorganization of the Debtors' businesses.

Wages Obligations

121. The Debtors typically pay obligations relating to Employee wages and salary on a biweekly basis. In the ordinary course of business, the Debtors pay their domestic Employees through Automatic Data Processing, Inc. ("**ADP**"), a third-party service provider, which makes payments either directly to Employees through direct deposits with funds advanced by the Debtors or by check. For the Debtors' domestic Employees, to facilitate payments, the Debtors advance funds to ADP approximately 2–3 days prior to the Debtors' regularly scheduled payroll. Subsequently, ADP makes payments to the Employees and to various third parties as described

below. The Debtors pay their foreign-based Employees by wire directly to such Employee's foreign bank account. The Debtors are not seeking authority to pay any employee of any of their non-Debtor affiliates.

122. The Debtors estimate their average gross bi-weekly payroll to be approximately $2.4 million. The Debtors' most recent bi-weekly payroll was funded to ADP on November 8, 2016 prior to the Debtors' filing and covers the time period from October 23, 2016 to November 5, 2016.[19] The Debtors estimate that, as of the Petition Date, approximately $430,000 in wages and salaries earned by the Employees prior to the Petition Date have accrued and remain unpaid (collectively, the "**Wage Obligations**"). The Debtors do not believe that any of the Employees are owed prepetition Wage Obligations in an amount exceeding the $12,850 priority cap imposed by Section 507(a)(4) of the Bankruptcy Code (the "**Priority Wage Cap**") and, accordingly, do not seek relief to pay any prepetition Wage Obligations in excess of such cap. The Debtors seek authority, but not direction, to pay all Wage Obligations to the extent permitted by section 507(a)(4) of the Bankruptcy Code and to continue to satisfy all Wage Obligations in the ordinary course of business.

Payroll Taxes and Deductions

123. In various jurisdictions, Erickson is required by law to withhold amounts from the Wage Obligations related to income taxes, healthcare taxes, and other social welfare benefits, including social security, Medicare taxes, and unemployment insurance (collectively, the "**Withholding Taxes**") and to remit the same and certain other amounts to the appropriate taxing authorities (collectively, the "**Taxing Authorities**") according to schedules established by such Taxing Authorities. Additionally, in cases in which an Employee is a resident of one jurisdiction

[19] Certain Employees work on a rotational schedule, working 6-weeks on and 6-weeks off. Although these Employees are paid as part of the bi-weekly payroll, they only receive wages for the weeks in which they work.

while working in another, Erickson is required to remit a separate payment on account of certain foreign taxes, which are not withheld from such Employee's wages (the "**Foreign Wage Taxes**"). The Debtors do not believe they owe any amounts for prepetition Foreign Wage Taxes as of the Petition Date.

124. In certain circumstances, Erickson is also required to make additional payments from its own funds in connection with the Withholding Taxes (the "**Employer Taxes**" and, together with the Withholding Taxes and the Foreign Wage Taxes, the "**Payroll Taxes**"). In the aggregate, the Payroll Taxes, including both the Employee and Employer portions, total approximately $733,000 for each bi-weekly payroll. As of the Petition Date, the Debtors estimate that they owe approximately $160,000 on account of prepetition Payroll Taxes.

125. During each applicable pay period, Erickson, either directly or through ADP, also routinely withholds other amounts from certain Employees' gross pay, including garnishments, child support, and deductions related to various Retirement Plans and other Employee Benefits (each hereinafter defined) and loan repayments (collectively, the "**Deductions**" and, together with the Payroll Taxes, the "**Payroll Taxes and Deductions**"). As of the Petition Date, the Debtors estimate that they owe approximately $215,000 on account of prepetition Deductions.

126. To the extent any of the Payroll Taxes and Deductions may not have been forwarded to the appropriate third-party recipients or checks or electronic transfers in respect thereof may not have cleared prior to the Petition Date, the Debtors seek authority to remit such Payroll Taxes and Deductions (and to continue to forward Payroll Taxes and Deductions on a postpetition basis whether or not related to the prepetition period) to the applicable third-party recipients in the ordinary course of business.[20]

[20] All Payroll Taxes and Deductions, except the Foreign Wage Taxes, are administered by ADP.

Reimbursable Expenses and the Erickson Credit Cards

127. In the ordinary course of business, the Debtors reimburse certain Employees in accordance with the Debtors' policies for reasonable, customary, and approved expenses incurred on behalf of the Debtors in the scope of such Employees' employment and service, including travel mileage, hotel rooms, meals, and business-related telephone charges (collectively, the "**Reimbursable Expenses**"). Erickson reimburses the Reimbursable Expenses as part of the scheduled payroll immediately following Erickson's approval. Because of the irregular nature of requests for Reimbursable Expenses, it is difficult to determine the amount of Reimbursable Expenses outstanding at any given time.[21] Employees generally have sixty (60) days to make their requests for Reimbursable Expenses. The Debtors estimate that Reimbursable Expenses average approximately $200,000 per month, and approximately one month of Reimbursable Expenses may remain outstanding as of the Petition Date. The Debtors seek authority, but not direction, to continue to satisfy all Reimbursable Expenses in the ordinary course of business.

128. Additionally, the Debtors provide many Employees with business-related credit cards (collectively, the "**Erickson Credit Cards**") through Wells Fargo Bank, N.A. The Erickson Credit Cards are used to pay certain business expenses on behalf of the Debtors, including travel expenses. The Debtors then pay Wells Fargo Bank, N.A. for amounts due on the Erickson Credit Cards in the ordinary course of business. Generally, the payment to Wells Fargo Bank, N.A. occurs once a month when due, and the balance for the Erickson Credit Cards is paid in full at such time. The Debtors estimate a pre-petition balance owing on the Erickson Credit Cards as of the Petition Date of approximately $1.2 million. All obligations owing to Wells

[21] Certain Employees have had to use their own personal credit cards for business operation expenses, including but not limited to the purchase of fuel for aircraft located in foreign locations.

Fargo Bank, N.A., as Existing First Lien Agent, under the Erickson Credit Cards are secured obligations under the First Lien Credit Agreement, dated May 2, 2013, as amended, restated, and modified thereafter. The Debtors request authority, but not direction, to pay to Wells Fargo Bank, N.A. any pre-petition amounts due and outstanding to Wells Fargo Bank, N.A. on the Erickson Credit Cards and to continue to pay the Erickson Credit Cards in the ordinary course so that the Employees shall have the continued ability to use the Erickson Credit Cards (subject to the terms, conditions, requirements, and limitations set forth in the financing orders entered in the Chapter 11 Cases, together with any approved budgets thereto) for business expenses required to maintain operations.

Vacation and Flexible Time Off

129. The Debtors provide the Employees with flexible time off ("**FTO**") for vacation, holidays, parental leave, bereavement, and other personal leave. Vacation accrues per pay period, and the available leave is dependent upon an Employee's length of employment. If an Employee does not use his or her vacation time in a given year, the Employee may carry over up to eighty (80) hours of vacation for use in the following calendar year, but loses any unused hours in excess of eighty (80) hours. If an Employee is terminated or resigns, such Employee is paid for any unused vacation time up to eighty (80) hours.

130. When the current FTO policy was put in place, 83 Employees had accrued FTO in excess of 80 hours under a previous iteration of the Debtors' policy ("**Excess FTO**"). To address these "grandfathered" benefits, the Debtors' current policy permits the relevant Employees to bank the Excess FTO until the end of 2018. Prior to the end of 2018, Eligible Employees may either cash out the Excess FTO at a fifty percent (50%) payout (which is allowed once per year each November), use Excess FTO as regular time off, or be paid for

unused PV Vacation upon resignation or termination from the Company. The cash balance of Excess FTO as of the Petition Date is $302,000, with 5 Employees having a cash-out balance greater than $10,000.

131. In the Wages Motion, the Debtors seek authority to honor their respective vacation and other leave policies to all Employees in the ordinary course of the Debtors' business. The Debtors request authority to permit their Employees to use accrued vacation and other leave, and are asking for authority, but not direction, to pay Employees for unused FTO in accordance with the prepetition policies.

Other Benefits

132. The Debtors also provide certain other benefits to eligible Employees (collectively, the "**Other Benefits**"), including domestic relocation costs and temporary housing allowances. The Debtors pay approximately $6,500 per month on account of all Other Benefits. As of the Petition Date, the Debtors estimate that the maximum amount that may be owed prepetition on account of Other Benefits is $8,000. The Debtors seek authority, but not direction, to satisfy all such prepetition obligations and to continue offering the Other Benefits to Employees and making postpetition payments thereunder in the ordinary course of business.

Benefit Service Providers

133. The Debtors engage certain benefit service providers (each, a "**Benefit Service Provider**") to help administer many of their human resources functions, including but not limited to, calculating and remitting payments related to payroll and benefits, tracking certification and training hours, and assisting with other employment related matters. The scope of services provided varies from contract to contract, but in each instance, Erickson pays a fee to the Benefit Service Provider (the "**Benefit Service Provider Fees**").

134. As mentioned above, ADP is a Benefit Service Provider which facilitates the administration of payroll and payment of payroll taxes and deductions for domestic Employees. The Debtors use certain foreign Benefit Service Providers for similar purposes for non-domestic Employees. The Debtors also engage certain other Benefit Service Providers to assist with employment related functions. These include, among others:

- **Cornerstone OnDemand** for learning management systems, including tracking of pilot records, certifications and training;
- **Concur** for expense reimbursements and expense management software;
- **KS&Co**. for various 401(k) audit and tax reconciliation services;
- **ICims** for applicant tracking and posting job descriptions on websites;
- **Cascade Employers Association** for assistance with the Debtors' affirmative action plan, which is required for government contracts;
- **Direct Employers Association** for an outreach program to ensure the Debtors are compliant and able to perform under government contracts.
- **Discovery Benefits** to assist the Debtors in administration of COBRA benefits, which includes sending initial COBRA notices, sending qualifying event COBRA notices, accepting COBRA enrollments, billing COBRA participants, accepting COBRA premiums from participants and notifying the insurance carriers of new enrollments and enrollment terminations; and
- **Ajilon Staffing and Plane Techs** for staffing of particular jobs related to specific contracts. The Debtors currently have 18 full time temporary Employees that are paid through Ajilon.

135. The Debtors pay approximately $165,000 per month in aggregate Benefit Service Provider Fees. The Debtors also pay their temporary Employees through Ajilon. In the recent months, the Debtors have experienced difficulty hiring for some of their open positions and have been forced to rely more on temporary Employees to assist with performing critical operations. As of the Petition Date, the Debtors owe approximately $150,000 on account of prepetition Benefit Service Provider Fees (which includes amounts due to Ajilon for payment to temporary

Employees). The Debtors seek authority to honor the prepetition Benefit Service Provider Fees and to satisfy all postpetition Benefit Service Provider Fees in the ordinary course of business.

Independent Contractor Obligations

136. In addition to Employees, the Debtors utilize various contractors, including mechanics, technicians and accounting personnel, among others (the "**Independent Contractors**") to perform a range of functions. Each Independent Contractor performs tasks that are essential to the operation of the Debtors' business. As of the Petition Date, the Debtors have engaged approximately 23 Independent Contractors who the Debtors believe are critical to the Debtors' operations and who would be difficult to replace. The Debtors pay the Independent Contractors approximately $250,000 per month. As of the Petition Date, the Debtors estimate that approximately $110,000 in fees are owed to Independent Contractors for accrued and outstanding prepetition services (the "**Independent Contractor Compensation**"). Because continued performance and contributions by the Independent Contractors are so important to the Debtors' operations and reorganization efforts, the Debtors seek authority, but not direction, to pay the Independent Contractor Compensation in the ordinary course of business and consistent with past practice.

Employee Benefit Plans

137. The Debtors maintain various employee benefit plans and policies for health care, dental, vision, disability, life, accidental death and dismemberment insurance, 401(k) savings plans, workers' compensation and employee assistance for mental health needs (collectively, and as discussed in more detail below, the "**Employee Benefits**"). The Employee Benefits are administered by several different providers (collectively the "**Benefits Providers**"), depending upon the benefit.

138. Each Benefits Provider charges the Debtors either an annual or a monthly premium for the provision of the Employee Benefits. These premiums are either wholly or partially borne by the Debtors. When the Debtors fund only a portion of these premiums, covered Employees contribute their pro rata portion of the remainder, which is withheld from these Employees' paychecks. Pursuant to the Wages Motion, the Debtors seek authority, but not direction, to pay certain prepetition amounts in respect of the Employee Benefits and to continue the Employee Benefits programs in the ordinary course of business, and to make payments thereunder.

Health Benefits

139. All regular, full-time Employees are eligible to receive medical, prescription drug, dental, and vision insurance coverage (collectively, the "**Health Benefits**"), provided by various health care providers, including:

- **Regence Blue Cross Blue Shield of Oregon** ("**Regence**"), who administers the Debtors' self-funded medical plan;
- **Moda Health** ("**Moda**"), who administers the Debtors' PPO dental plan for covered Employees; and
- **RxBenefits** (Express Scripts), administers the Debtors' prescription drug plan for covered Employees, all under a self-funded health plan (the "**Self-Funded Health Plans**").

As part of the Regence Self-Funded Health Plan, Employees may choose from a PPO Plan or health saving account ("**HSA**") Plan. Amounts contributed to the HSA are deducted from an Employee's payroll and deposited into an account over which such Employee has control.

140. The Debtors pay allowable insurance claims to Regence, Moda and RX Benefits that are highly variable and cannot be estimated. The Debtors fund the amount owed for payment of allowable insurance claims to Regence on a weekly basis, to Moda on a monthly basis, and to RX Benefits on a bi-weekly basis. The average amount funded for allowable

insurance claims for the last 4 months has been approximately $360,000 per month ($332,142 to Regence and RX Benefits for medical and prescription drug claims and $27,605 for to Moda for dental claims). Because of the nature of a self-funded insurance plan, the Debtors do not have visibility regarding the number or amount of insurance claims that have arisen prior to the Petition Date, and thus, the Debtors are unable to estimate the amount that is owed on allowable health insurance claims for services rendered prior to the Petition Date.

141. The Debtors also provide other Health Benefits to their Employees through third party servicers and administrators, including:

- **Cigna Global Health Benefits**: administers the Debtors' medical, vision, medical evacuation and repatriation benefits for certain Employees who are based in foreign countries or working short term abroad.
- **Health Equity:** provides services related to health savings account and health reimbursement accounts.
- **PacificSource Administrators**: administers the Debtors' Flexible Spending Account Plan, which is a cafeteria plan intended to qualify under Section 125 of the Internal Revenue Code.
- **Willamette Dental Insurance:** administers the Debtors' DMO dental plan; and
- **Superior Vision Services:** provides vision benefits for covered Employees.

There are fees and funding requirements due to providers for each of these Health Benefits.

Since the Debtors have Self-Funded Health Plans, the Debtors have purchased stop-loss insurance through Regence that provides coverage against large claims made by Employees that are above $150,000 per covered individual during the plan year) (the "**Stop Loss Insurance**"). Stop Loss Insurance is an integral part of the Debtors' management of the risk of the self-insured health plan, and loss of the coverage would subject the Debtors to undue risk. The premiums for stop loss insurance are imbedded in cost of the relevant Self-Funded Health Plans.

142. The Debtors pay the employer portion for the Health Benefits, and the Employees' portion of premiums for the Health Benefits is deducted from each participating Employees' payroll amount. The Employees' contribution for Health Benefits is approximately $100,000 per pay period while the Debtors' portion is approximately $154,000 per pay period. As of the Petition Date, the Debtors estimate that they owe approximately $425,000 of prepetition obligations for premiums under the Health Plan as well as additional amounts due for unpaid claims under the Self-Funded Health Plans. Considering that the Health Benefits are vital to the Debtors' Employees, the Debtors seek authority to remit any unpaid Health Benefits and premium costs to administer the Health Benefits, to fund any amounts needed to pay the Stop Loss Insurance, and to continue providing the Health Benefits in the ordinary course of business on a postpetition basis.

Life and Accidental Death and Dismemberment Insurance

143. The Debtors provide basic life, accidental death, long-term disability, and certain other risk and disability insurance benefits (collectively, the "**Employee Insurance Coverage**"). The Debtors provide Basic Life and Accidental Death and Dismemberment Insurance through Standard Insurance Company at the Debtors' cost. The Basic Life and Accidental Death and Disability Insurance benefit is equal to an Employee's annual salary, subject to a minimum of $50,000 and a maximum of $200,000. Additionally, Employees may elect to receive additional life insurance on behalf of the Employee, his or her spouse, or child; however, the cost of such life insurance is borne completely by the Employee.

144. In addition, each Employee that works at least thirty hours per week may elect to receive short or long term disability insurance through The Prudential Insurance Company of America. The short term disability plan entitles an Employee to receive a weekly benefit of

$1,153.85 for up to twelve weeks. The long term disability plan entitles an Employee to receive 60% of his or her monthly earnings (up to $6,000 per month) for various periods of duration, depending on age. The Debtors pay 50% of the cost for long term disability, while the Employee is responsible for the other 50% and for 100% of the cost of short term disability to the extent coverage is elected.

145. In order to retain the Employee Insurance Coverage, the Debtors are required to pay premiums to the providers of the Employee Insurance Coverage. On average, the Debtors pay approximately $24,000 per month on account of Employee Insurance Coverage premiums. As of the Petition Date, the Debtors estimate they owe approximately $30,000 in prepetition Employee Insurance Coverage premiums. The Debtors seek authority to pay such prepetition obligations and to continue the Employee Insurance Coverage on a postpetition basis and to continue offering the Employee Insurance Coverage in the ordinary course of business on a postpetition basis.

Retirement Plans

146. The Debtors also provide certain eligible Employees with retirement benefits. The Debtors maintain a retirement savings plan with Principal Financial Group ("**Principal**") for the benefit of all Employees who meet the requirements of section 401(k) of the Internal Revenue Code (the "**401(k) Plan**"). The 401(k) Plan is a defined contribution 401(k) profit sharing plan and is compliant with ERISA 404(c). Employees have the option to contribute to a Roth 401(k) as well as a traditional 401(k). All amounts contributed to the 401(k) Plan are wired directly from the Debtors to Principal.

147. Employees are automatically enrolled to defer 4% of their pay as of the date they become eligible to participate in the 401(k) plan, which is the first day of the month after the date

of hire. The 401(k) Plan currently has a total of 845 participants, including 626 active participants and 183 inactive participants. For each Employee who participates in the 401(k) Plan, the Debtors contribute 100% of the first $1,000 contributed by each Employee and 50% of the next $2,000 contributed by each Employee, which results in a maximum matching contribution by Erickson of $2,000 annually, per employee (the "**Matching Contributions**"). As of the Petition Date, the Debtors estimate that the maximum amount that may be owed prepetition on account of Matching Contributions is approximately $15,000.

148. In the third quarter of 2016, the Debtors withheld an aggregate amount of approximately $50,000 each month from participants' paychecks on account of their 401(k) contributions. As of the Petition Date, the Debtors do not believe they hold any amounts related to Employee 401(k) Plan contributions that have not been remitted to the 401(k) Plan (the "**Unremitted 401(k) Contributions**"); however, to the extent the Debtors do owe any Matching Contributions or have Unremitted 401(k) Contributions, the Debtors seek authority to pay such amounts. Thus, the Debtors seek authority to: (a) pay any Matching Contributions outstanding as of the Petition Date; (b) release the Unremitted 401(k) Contributions, if any, held in trust for their Employees; and (c) continue operating and making contributions to the 401(k) Plan in the ordinary course of business on a postpetition basis. In addition, the Debtors seek authority, but not direction, to continue the 401(k) Plan and to make all prepetition and postpetition payments thereunder, including associated administration fees.

Workers Compensation Programs

149. The Debtors also provide Employees with workers compensation and employer's liability coverage (the "**Workers Compensation Programs**") through Allied World Assurance Company, Pacific Indemnity Company and Vigilant (collectively, the "**Workers' Compensation Providers**"). The Debtors are responsible for the full amount of the premiums

for the Workers Compensation Programs for the benefit of Employees. Premiums are adjusted annually based on claims made during the previous year. The only amounts due and outstanding on the Workers' Compensation Programs include the 2015-2016 premium true-up. Although the Debtors have not yet been invoiced for this amount, the Debtors believe the amount will be approximately $75,000. The Debtors seek authority, but not direction, to pay any and all prepetition obligations related to Workers' Compensation Programs. Additionally, the Debtors request authority to continue the Workers' Compensation Programs and make postpetition payments thereunder in the ordinary course of business.

Employee Assistance Program

150. The Debtors provide the Employees with an access to Employee Assistance Program ("**EAP**") through MHN (Mental Health Network) ("**MHN**"). MHN provides Employees access to a website, a 1-800 number, and free counseling and referral programs for mental health needs. The Debtors cost to provide this EAP is approximately $1,100 per month. As of the Petition Date, the Debtors estimate they owe $2,200 to MHN for EAP benefits. The Debtors seek authority, but not direction, to pay any and all prepetition obligations related to the MHN and to continue the MHN and make postpetition payments thereunder in the ordinary course of business.

151. The Debtors also seek authority to pay Payroll Taxes and Deductions to the appropriate entities. These amounts principally represent Employee earnings that governments, Employees, and judicial authorities have designated for deduction from Employees' paychecks. I have been advised that certain Deductions, including Employee contributions to the Employee Benefit Plans, are not property of the Debtors' estates because they have been withheld from Employees' paychecks on another party's behalf.

152. I believe the relief requested will benefit the Debtors' estates and creditors by allowing the Debtors' business operations to continue without interruption. I have been advised that the vast majority of the Employee Obligations constitute priority claims. I believe, however, that to the extent any Employee is owed more than $12,850 for Employee Obligations, allowance of payment of those amounts is necessary and appropriate and is authorized under sections 363(b) and 105(a) of the Bankruptcy Code. In the absence of such payments, I believe that the Debtors' Employees may seek alternative employment opportunities, perhaps with the Debtors' competitors. Such a development would deplete the Debtors' workforce, hinder the Debtors' ability to meet their customer obligations, and likely diminish creditors' and customers' confidence in the Debtors. Moreover, the loss of valuable individuals and the recruiting efforts that would be required to replace them would be a massive and costly distraction at a time when the Debtors should be focusing on maintaining operations. For these same reasons, failure to pay the Employee Obligations will adversely impact the Debtors' relationships with their Employees at a time when the Employees' support is critical to the Debtors' success in Chapter 11.

153. Due to the nature of the Debtors' businesses and their highly-skilled workforce, I believe that Employees of an equivalent level of skill and knowledge would be difficult and costly for the Debtors to find and to integrate into their operations in an efficient manner. I believe that it is necessary for the Debtors continue to maintain Employee Benefits. I believe that satisfying prepetition and postpetition obligations related to the Employee Benefits will ultimately allow the Debtors to focus on effecting a more cost-efficient reorganization. I also believe that it is necessary to continue payment of the Benefit Service Provider Fees in order to maintain the smooth administration of programs related to the Employee Obligations. Without

the continued services of the Benefit Service Provider(s), the Debtors will be unable to continue to honor their Employee Obligations in an efficient and cost-effective manner.

154. Furthermore, I have been advised that payment of Payroll Taxes similarly will not prejudice other creditors of the Debtors' estates as the relevant Taxing Authorities will generally hold priority claims under section 507(a)(8) of the Bankruptcy Code with respect to the Payroll Taxes. Moreover, I have been advised that the portion of the Payroll Taxes withheld from an Employee's wages on behalf of the applicable Taxing Authority are held in trust by the Debtors, and thus, are not property of the Debtors' estate under section 541 of the Bankruptcy Code.

155. I also believe that the uninterrupted performance by the Independent Contractors is essential to conducting services that are critical to the Debtors' operations and to the Debtors' efforts to maintain a steady cash flow from their business throughout these Chapter 11 Cases. The Independent Contractors also assist the Debtors with short-term projects that often demand irregular hours. Given the specialized nature of the Debtors' businesses, I believe it would be difficult and costly to find and integrate new workers into the Debtors' operations who have an equivalent level of skill and knowledge. I believe that requiring the Debtors to seek to replace the Independent Contractors would significantly disrupt their operations and hamper their reorganization efforts.

156. I believe cause exists to modify the automatic stay because prohibiting the Debtors' Employees from proceeding with their claims could have a detrimental effect on the financial well-being and morale of such employees and lead to their departure. Thus, solely with respect to workers' compensation claims, the Debtors seek to modify the automatic stay; provided, however, that such claims are pursued in accordance with the Workers' Compensation Programs, and recoveries, if any, are limited to the proceeds from the applicable Workers'

Compensation Programs. All other claims, including any claims relating to matters covered by other Employee Obligations or Independent Contractor Obligations, will remain subject to the automatic stay.

157. The Debtors have sufficient funds to pay the amounts described herein in the ordinary course of business by virtue of expected cash flows from ongoing business operations and anticipated access to cash collateral, provided that any such access to cash collateral shall be subject to the terms, conditions, limitations, and requirements under any financing orders entered in the Chapter 11 Cases, together with any approved budget thereto. Under the Debtors' existing cash management system, the Debtors can identify checks or wire transfer requests as relating to an authorized payment made to Employees or on account of Employee Obligations and Independent Contractor Obligations. Accordingly, when requested by the Debtors, the Debtors request that the Court authorize their financial institutions to receive process, honor and pay any and all checks or wire transfer requests in respect of the relief requested herein to the extent of available, cleared funds in the Debtors' accounts and be subject to the terms, conditions, limitations, and requirements under any financing orders entered in the Chapter 11 Cases, together with any budget thereto. The Debtors also seek authority, but not direction, to issue new postpetition checks or effect new postpetition electronic funds transfers in replacement of any checks or transfer requests on account of the Employee Obligations or the Independent Contractor Obligations dishonored or rejected as a result of the commencement of the Debtors' Chapter 11 Cases.

158. I believe that the relief requested in the Wages Motion is in the best interests of the Debtors' estates and will enable the Debtors to continue to operate their businesses in Chapter 11 without disruption so as to avoid immediate and irreparable harm to the Debtors'

estates. Accordingly, on behalf of the Debtors, I respectfully submit that the Wages Motion should be approved.

G. Debtors' Emergency Motion For Entry Of Interim And Final Orders Authorizing Debtors To Maintain And Honor Prepetition Warranty Programs Pursuant To Sections 363(b) And 105(a) Of The Bankruptcy Code ("Warranty Motion")

159. In the Warranty Motion, the Debtors request authority to maintain and honor the prepetition Warranty Program. Erickson's operations include providing helicopter services on behalf of customers and operating a helicopter maintenance, repair, and overhaul ("**MRO**") business that services both its own helicopter fleet as well as third party customers' fleets. Erickson has decades of experience as an operator, an original equipment manufacturer and service provider of several legacy helicopters, including the S-64/CH54 Aircrane. Erickson's MRO business segment provides support for S-64/CH54 Aircranes, Bell 214 B/ST, SA330 J Puma, S-61/SH2, Bell 212, and numerous other platforms. As part of their MRO service, Erickson provides dedicated and innovative support, sustaining and extending aircraft performance, while ensuring the safety and reliability of the aircraft. As part of Erickson's MRO business, Erickson issues standard terms and conditions on the parts and services that they provide, including providing certain warranties to their customers (the "**Warranty Program**").

160. I understand that it is customary and expected in the MRO industry that customers obtain a warranty to assure the value and quality of services provided. I believe the damage to the Debtors' reputation in the event that the Debtors are not able to honor and maintain the Warranty Program would be significant and perhaps permanent. I believe it is critical to the ongoing success of the Debtors' operations that the Debtors honor and maintain the Warranty Program.

161. In 2015, the Debtors' customers made claims under the Warranty Program in the approximate amount of $50,000. I have been informed that as of the Petition Date, the Debtors

do not have any open warranty claims under the Warranty Program. Pursuant to the Warranty Motion, the Debtors seek authority, but not direction, to maintain and honor all prepetition and postpetition Warranty Program obligations in the ordinary course of business.

162. I believe that there is a sound business justification to maintain and honor the Warranty Program, and doing so is necessary to the ongoing success of the Debtors' operations. Without the ability to continue to honor the Warranty Program in the ordinary course of business, the Debtors' Customers may simply take their business elsewhere. In this scenario, the Debtors' market share and revenue stream would be at risk. I believe that the Debtors' ability to maintain valuable customer relationships and revenue will inure to the benefit of all of the Debtors' stakeholders by maximizing the value of the Debtors' assets and their estates.

163. I believe that the relief requested in the Warranty Motion is in the best interests of the Debtors' estates, their creditors, and all other parties in interest, and will enable the Debtors to continue to operate their business in Chapter 11 without disruption. Accordingly, on behalf of the Debtors, I respectfully submit that the Warranty Motion should be approved.

H. Debtors' Emergency Motion For Interim And Final Orders Under 11 U.S.C. §§ 105(a) And 366 (I) Prohibiting Utility Companies From Altering Or Discontinuing Service On Account Of Prepetition Invoices, (II) Approving Deposit Account As Adequate Assurance Of Payment, And (III) Establishing Procedures For Resolving Requests By Utility Companies For Additional Assurance Of Payment ("Utility Motion")

164. In the Utility Motion, the Debtors seek the entry of an interim order (i) prohibiting the Utility Companies from altering or discontinuing service on account of unpaid prepetition invoices, (ii) establishing the Procedures for resolving any disputes regarding requests for adequate assurance of payment, and (iii) scheduling a Final Hearing within thirty (30) days of the Petition Date.

165. In the normal conduct of their business operations, the Debtors have relationships with many different utility companies and other providers (each a "**Utility Company**" and, collectively, the "**Utility Companies**") for the provision of electric, water, sewer, natural gas, trash removal, telephone, cellular telephone, internet services, and similar utility products and services (collectively, the "**Utility Services**") at their corporate headquarters as well as at their various lease locations. The Utility Companies include, without limitation, the entities set forth on the list attached to the Utility Motion as **Exhibit A**.

166. It is my understanding that the average monthly amount owed to the Utility Companies in the aggregate is approximately $200,000. The Debtors owe certain amounts to Utility Companies as of the Petition Date for prepetition Utility Services. Due to the timing of the Petition Date in relationship to the Utility Companies' billing cycles, certain Utility Services have been invoiced but not yet paid and other Utility Services have been provided but not yet invoiced.

167. Uninterrupted Utility Services are essential to the continued operations of the Debtors' businesses. If the Utility Companies refuse or discontinue service, even for a brief period, the Debtors' business operations would be severely disrupted. If such disruption occurred, the impact on the Debtors' businesses and revenue would be extremely harmful and would jeopardize the Debtors' reorganization efforts. I believe it is critical that Utility Services continue uninterrupted and that the relief in the Utility Motion be granted.

168. I believe that the cash flow from the Debtors' ongoing business operations, together with funding from the proposed DIP Revolving Facility and the DIP Term Facility, will be sufficient to allow it to satisfy all administrative expenses, and the Debtors intend to pay all postpetition obligations owed to the Utility Companies in a timely manner. Nevertheless, to

provide additional adequate assurance of payment for future Utility Services, the Debtors will deposit $100,000, a sum equal to approximately fifty percent (50%) of the Debtors' estimated monthly cost[22] of their Utility Services into a separate, segregated, interest-bearing account, that will be established and funded within twenty (20) business days after the Petition Date (the "**Utility Deposit Account**"), subject to the terms and conditions of the DIP Facility and applicable orders authorizing the Debtors to enter into the same. The Debtors will maintain the Utility Deposit Account with a minimum balance equal to 50% of the Debtors' estimated monthly cost of Utility Services, which may be adjusted by the Debtors to account for the termination of Utility Services by the Debtors or other arrangements with respect to adequate assurance of payment reached with individual Utility Companies. With the funds in the Utility Deposit Account, the Debtors will have approximately $100,000 in total utility deposits, an amount greater than the Debtors' average monthly usage.

169. The Debtors further propose that to the extent the Debtors become delinquent with respect to postpetition payment for Utility Services from a Utility Company, such Utility Company may file a notice of delinquency (a "**Delinquency Notice**") with the Court and serve such Delinquency Notice on (a) the Debtors, (b) counsel to the Debtors, (c) lead counsel and local counsel to Wells Fargo Bank, National Association, the DIP Revolving Agent and Existing First Lien Agent; (d) counsel to ad hoc group of holders of 8.25% Second Priority Senior Secured Promissory Notes due 2020; (e) the official committee of unsecured creditors, if one is appointed, and (f) the United States Trustee for the Northern District of Texas (each, a "**Party in Interest**"). The Debtors propose that if such delinquency is not cured and no Party in Interest has objected to the Delinquency Notice within ten (10) days of the receipt of the Delinquency Notice, then, the Debtors will (i) remit to such Utility Company from the Utility Deposit

[22] The estimated monthly cost is based on the Debtors' average utility spend from October 2014 to present.

Account the lesser of (a) the amount allocated in the Utility Deposit Account for such Utility Company's account and (b) the amount of postpetition charges claimed as delinquent in the Delinquency Notice, and (ii) replenish the Utility Deposit Account for the amount remitted to such Utility Company.

170. The Debtors represent that the Utility Deposit Account, together with the Debtors' ability to pay for future Utility Services in the ordinary course of business, provides protection well in excess of that required to grant adequate assurance to the Utility Companies.

171. Notwithstanding the foregoing proposed adequate assurance, the Debtors anticipate that certain Utility Companies may not find the Utility Deposit Account, together with the Debtors' ability to pay for future Utility Services in the ordinary course of business, "satisfactory" and, thus, may request additional adequate assurance of payment pursuant to Bankruptcy Code Section 366(c)(2). Accordingly, the Debtors propose the following procedures (the "**Procedures**") for the Utility Company to make additional requests for adequate assurance:

(a) If a Utility Company is not satisfied with the assurance of future payment provided by the Debtors, the Utility Company must file and serve an objection setting forth: (i) the location(s) for which Utility Services are provided; (ii) the account number(s) for such location(s); (iii) the outstanding balance for each account; (iv) the amount of any deposit(s) made by the Debtors prior to the Petition Date; (v) a summary of the Debtors' payment history in each account; and (vi) any argument as to why the Utility Company has not been provided adequate assurance of payment (an "**Objection**").

(b) The Court has scheduled a final hearing on the Utility Motion on _____, 2016 at _.m. (Central) (the "**Hearing Date**") for the purpose of considering any Objections;

(c) Any Objection by a Utility Company listed on Exhibit A must be served upon, and actually received by, (i) the Debtors' counsel, Haynes and Boone, LLP, 1221 McKinney Street, Suite 2100, Houston, Texas 77010, Attn: Kourtney Lyda; 2323 Victory Avenue, Suite 700, Dallas, Texas 75219, Attn: Ian T. Peck; (ii) Randall Klein, Goldberg Kohn, Ltd., 55 East Monroe Street, Suite 3300, Chicago, Illinois 60603-5792, lead counsel for Wells Fargo Bank, N.A., as DIP Revolving Agent and Existing First Lien Agent; (iii) David Weitman, K&L Gates LLP, 1717 Main Street, Suite 2800, Dallas, Texas 75201, local counsel for Wells Fargo Bank,

N.A., as DIP Revolving Agent and Existing First Lien Agent; (iv) Scott L. Alberino, Akin Gump Strauss Hauer & Feld LLP, 1333 New Hampshire Avenue, N.W., Washington, DC 20036-1564, counsel for an ad hoc group of holders of 8.25% Second Priority Senior Secured Promissory Notes due 2020; (v) Edward M. Fox, Esq., Seyfarth Shaw LLP, 620 8th Avenue, New York, NY 10018, counsel to Wilmington Trust, National Association, as indenture trustee and notes collateral agent for the 8.25% Second Priority Senior Secured Promissory Notes due 2020; (vi) counsel to the official committee of unsecured creditors, if one is appointed; and (vii) the United States Trustee for the Northern District of Texas, by no later than seven (7) days prior to the Hearing Date. The Debtors may file and serve a reply to any such Objection on or before the date that is two (2) days prior to the Hearing Date.

(d) Without further order of the Court, but subject to the terms and conditions of the DIP Facility and applicable orders authorizing the Debtors to enter into the same, the Debtors may enter into agreements granting additional adequate assurance to a Utility Company serving a timely Objection, if the Debtors in their discretion determine that the Objection is reasonable.

(e) If the Debtors discover the existence of a Utility Company not listed on Exhibit A, the Debtors shall, within two (2) business days after discovering the existence of such Utility Company, (i) file a supplement to Exhibit A which supplement shall identify the Utility Company and the additional amount of the adequate assurance deposit the Debtors propose to place in the Utility Deposit Account, and (ii) serve such Utility Company with notice of entry and a copy of the Interim Order.

(f) In the event that a Utility Company not listed on Exhibit A objects to the Debtors' proposal to provide adequate assurance of payment, such Utility Company must file and serve on counsel for the Debtors and DIP Lenders an Objection within fourteen (14) days after the date upon which it receives notice of entry of the Interim Order. A hearing on such Objection will be set by the Court no sooner than seven (7) days after the date upon which such Objection has been filed. The Debtors may file and serve a reply to any such Objection on or before the date that is two (2) days prior to such hearing date.

(g) All Utility Companies will be deemed to have received adequate assurance of payment in accordance with Bankruptcy Code Section 366, without the need for an additional deposit or other security, until this Court enters an order to the contrary. Any Utility Company that fails to make a timely Objection shall be deemed to be satisfied that the Utility Deposit Account provides adequate assurance of payment for future services within the meaning of Bankruptcy Code Section 366(c)(2).

172. I believe the Procedures provide a fair, reasonable, and orderly mechanism for the Utility Companies to seek additional adequate assurance, while temporarily maintaining the status quo for the benefit of all stakeholders.

173. I believe the Utility Deposit Account provides the Utility Companies with ample adequate assurance of future payment under Bankruptcy Code Section 366(c). Further, I understand that the Debtors' access to the DIP financing means that the Debtors will have sufficient resources to pay all valid postpetition obligations for Utility Services in a timely manner. In addition, the Debtors have significant incentives to stay current on their Utility Service obligations as they come due because of their reliance on the Utility Services for the operation of their business.

174. Despite the adequate assurance of future payment described above, the Debtors propose to protect the Utility Companies further by establishing the Procedures for requesting additional adequate assurance. Separate negotiations with each of the Utility Companies would be time-consuming and unnecessarily divert the Debtors' personnel from other critical tasks related to the operation of their business and the restructuring. This is especially true given the fact that the Debtors operate at several different locations, many of which have separate utility arrangements. During the first days of the Chapter 11 Cases it would be incredibly difficult, costly, and would divert the Debtors' limited personnel resources to engage in separate negotiations with each potential Utility Company. Further, if individual negotiations were required and the Debtors were to fail to reach early agreement with each Utility Company, the Debtors would likely have to file further motions seeking expedited determinations as to adequate assurance or risk service termination.

175. I believe that the relief requested in the Utility Motion is in the best interests of the Debtors' estates, their creditors, and all other parties in interest, and will enable the Debtors to continue to operate their business in Chapter 11 without disruption. Accordingly, on behalf of the Debtors, I respectfully submit that the Utility Motion should be approved.

I. Debtors' Emergency Motion For Entry Of Interim And Final Orders (I) Authorizing Debtors To Pay Certain Prepetition Taxes And Assessments And (II) Authorizing Financial Institutions To Honor And Process Related Checks And Transfers Pursuant To Sections 105(a), 363(b), 507(a)(8), And 541(d) Of The Bankruptcy Code ("Tax Motion")

176. In the Tax Motion, the Debtors request (i) the authority, but not direction, to pay certain pre-petition Taxes[23] (as defined below) due and owing to various taxing authorities and governmental regulatory bodies (collectively, the "**Taxing Authorities**"), including any Taxes determined owing postpetition for the period prior to the Petition Date, and (ii) that the Court authorize applicable banks and financial institutions (collectively, the "**Banks**") to receive, honor, process, and pay all checks issued or to be issued and electronic funds transfers requested or to be requested relating to the above.

177. In the ordinary course of their businesses, the Debtors collect, remit, withhold, and pay, among other taxes, certain use, withholding tax for U.S. Source Income of foreign persons, excise, property, and foreign taxes, and also incur certain regulatory assessments and other charges.

Use Taxes

178. The Debtors self-assess use taxes (the "**Use Taxes**") on some supplies and parts imported into certain jurisdictions as well as on certain asset purchases. The Debtors then remit such Use Taxes to the applicable Taxing Authorities according to the requirements and timing

[23] By the Tax Motion, the Debtors are not seeking authority to pay employee withholding taxes, income taxes, healthcare taxes, contribution taxes, and payroll taxes, which are addressed separately in the Wages Motion.

imposed by such authorities. The timing and frequency of remittance and payment of the Use Taxes differs depending on the taxing jurisdiction. The Debtors estimate that they owe approximately $20,000 in Use Taxes relating to periods prior to the Petition Date.

Withholding Tax for U.S. Source Income of Foreign Persons (NRA Withholding)

179. Generally, a foreign person (which includes a foreign corporation) is subject to U.S. tax on its U.S. source income. Most types of U.S. source income received by a foreign person are subject to U.S. tax of 30%. A reduced rate, including exemption, may apply if an Internal Revenue Code Section provides for a lower rate, or there is a tax treaty between the foreign person's country of residence and the United States. The tax is generally withheld (NRA withholding) from the payment made to the foreign person.

180. Erickson Helicopters, Inc. leases helicopters used in Alaska from a Canadian lessor, Eagle Copters. Eagle Copters is not exempt from withholding. Thus, the Debtors withhold 10% from each lease payment, whether fixed or variable, and are required to remit such withholdings to the Internal Revenue Service (the "**NRA Withholding**"). The Debtors estimate that they owe approximately $20,600 in for NRA Withholding relating to periods prior to the Petition Date, with an additional amount of $13,700 expected to become due in the next thirty (30) days.

Excise Taxes

181. The Debtors report federal excise taxes on a quarterly basis and make monthly deposits of approximately $3,600. These excise taxes are related to passenger and freight services that the Debtors provide in Alaska. The Debtors next monthly deposit is due in November, 2016, and the Debtors request authority to pay such amount.

Property Taxes

182. The Debtors own or lease certain real and personal properties in domestic and non-U.S. jurisdictions that are subject to local property taxes (the "**Property Taxes**"). The Debtors pay Property Tax in numerous locations, including, but not limited to, City of Nome, AK; Jackson County, OR; Multnomah County, OR; Municipality of Anchorage, AK; and North Slope Borough, AK. The Property Taxes are generally assessed in estimated amounts once per year. The Debtors estimate that they owe approximately $320,000 in Property Taxes relating to periods prior to the Petition Date, which the Debtors believe is due and payable in the next thirty (30) days.

Regulatory Assessments and Other Miscellaneous Payments

183. The Debtors incur, in the ordinary course of business, certain domestic and foreign regulatory assessments, permitting fees, licensing and registration fees, franchise taxes, levies, and other miscellaneous obligations (collectively, the "**Regulatory Assessments**" and, collectively with the Sales Taxes, and the Property Taxes, the "**Taxes**") to governmental regulatory bodies (the "**Regulatory Bodies**"). The continued payment of these Regulatory Assessments, including any amounts due and owing on account of prepetition Regulatory Assessments, is necessary to satisfy business licensing requirements to conduct business in various jurisdictions. The Debtors estimate that they owe approximately $80,000 in Regulatory Assessments relating to the period prior to the Petition Date, which the Debtors believe is due and payable in the next thirty (30) days.

Estimate of Total Prepetition Taxes

184. In summary, as of the Petition Date, the Debtors estimate that approximately $20,000 in Use Taxes, $20,600 in NRA Withholding, $320,000 in Property Taxes, and $80,000

in Regulatory Assessments are due and owing to the Taxing Authorities and Regulatory Bodies relating to periods prior to the Petition Date, as well as certain additional amounts that will become due and owing within (30) days.

185. The amounts of the Taxes listed above are good faith estimates based on the Debtors' books and records and remain subject to potential audits and other adjustments.

186. I understand that cause exists to authorize the payment of the prepetition Taxes, including, among other things, that (i) the failure to pay the prepetition Taxes may interfere with the Debtors' continued operations and successful reorganization efforts; (ii) funds representing certain of the unremitted prepetition Taxes may not be property of the Debtors' estates; (iii) the failure to pay prepetition Property Taxes may increase the scope of secured and priority claims held by the applicable Taxing Authorities against the Debtors' estates; and (iv) the payment of prepetition Taxes affects only the timing of payments as most, if not all, of the Taxes are afforded priority or secured status under the Bankruptcy Code.

187. The Debtors seek to obtain authority to pay the prepetition Taxes to ensure continued uninterrupted operation of their business. Nonpayment of these obligations may cause Taxing Authorities to take precipitous action, including, but not limited to, asserting liens, preventing the Debtors from conducting business in the applicable jurisdictions, or seeking to lift the automatic stay, which would disrupt the Debtors' day-to-day operations and could potentially impose significant costs on the Debtors' estates. Failure to satisfy the prepetition Taxes may jeopardize the Debtors' maintenance of good standing to operate in the jurisdictions in which they do business.

188. To the extent that any prepetition Taxes remain unpaid by the Debtors, certain of the Debtors' officers and directors may be subject to lawsuits or criminal prosecution during the

pendency of these Chapter 11 Cases. The dedicated and active participation of the Debtors' directors, officers and other employees is not only integral to the Debtors' continued, uninterrupted operations, but also essential to the orderly administration of these Chapter 11 Cases. The threat of a lawsuit or criminal prosecution, and any ensuing liability, would distract the Debtors and their personnel from important tasks, to the detriment of all parties in interest.

189. I believe that the relief requested in the Tax Motion is in the best interests of the Debtors' estates, their creditors, and all other parties in interest, and will enable the Debtors to continue to operate their business in Chapter 11 without disruption. Accordingly, on behalf of the Debtors, I respectfully submit that the Tax Motion should be approved.

J. Debtors' Emergency Motion For Entry Of An Order Authorizing Debtors To Pay (I) Certain Prepetition Amounts To Fuel Providers, 503(B)(9) Claimants, Potential Lien Claimants And Certain Essential Vendors; And (II) Confirming Administrative Status For Certain Parts Delivered To Debtors Postpetition Pursuant To Sections 105(a), 363(b), And 503(b) Of The Bankruptcy Code And Bankruptcy Rule 6004 ("Critical Vendor Motion")

190. In the Critical Vendor Motion, the Debtors request entry of an order: (a) authorizing, but not directing, the Debtors to pay (i) certain prepetition claims of providers of fuel necessary for the Debtors' operations ("**Fuel Providers**"); (ii) 503(b)(9) Claimants (as defined below); and (iii) Potential Lien Claimants (including Repair Shops, Shippers, Warehousemen, and Other Lien Claimants (each as defined below)) that the Debtors determine, in the exercise of their business judgment, to be necessary or appropriate to obtain the release of goods, including but not limited to, aircraft parts, ground support equipment, tools, inventory, supplies, equipment, components, and other materials (collectively, the "**Parts**"), and approving related procedures, and (b) authorizing and directing financial institutions to receive, process, honor, and pay checks presented for payment and electronic payment requests relating to the foregoing. The Debtors further request authority to condition payment of any prepetition

amounts owed to any Potential Lien Claimant on written verification that such Potential Lien Claimant will abide by certain conditions described in more detail below.

191. Further, to the extent the Debtors intend to make a payment in excess of $50,000 under an Order entered in connection with the Critical Vendor Motion, such payment shall be subject to the consent of the Backstop Parties; provided, that if the Backstop Parties do not object in writing (including email) to the payment of such amounts within 48 hours of receiving notice (including email) from the Debtors, the Backstop Parties will be deemed to have consented.

Fuel Providers

192. The Debtors seek authority to pay outstanding amounts owed to certain Fuel Providers because maintaining a continuous supply of fuel to Erickson's fleet of aircraft is crucial to Erickson's continued operations and successful reorganization. Erickson operates in many austere and remote environments, with few sources of available fuel. Many of Erickson's Fuel Providers cannot be replaced, and if a replacement source is available, replacement could be difficult and more costly and could cause impermissible delays in Erickson's flight schedules.

193. Erickson's fuel consumption varies from week to week depending on customer needs. Recently, Erickson was purchasing approximately 3,000 gallons of fuel per month at a total cost of approximately $750,000 from 25 different Fuel Providers on an as-needed basis. Erickson is not a party to fuel supply contracts with the Fuel Providers, and the majority of the Fuel Providers are requiring Erickson to prepay for their fuel or pay very quickly upon receipt. I believe that if the Debtors are unable to pay the Fuel Providers, Erickson's fuel supply and distribution system (and potentially its entire business) would be disrupted, thereby stranding Erickson's aircraft and suspending operations in certain locations. This would seriously damage Erickson's credibility with its existing customer base and in the marketplace.

194. Additionally, I understand that since few of the Fuel Providers are extending credit to Erickson for fuel purchases, the majority of the Fuel Providers' claims would likely qualify as priority claims under section 503(b)(9) of the Bankruptcy Code. Accordingly, the Debtors request that the Court enter an order authorizing, but not directing the Debtors to pay amounts owed to Fuel Suppliers, including amounts outstanding for fuel supplied pre-petition, in the ordinary course of the Debtors' businesses and on such terms and conditions as set forth in the Critical Vendor Motion.

503(b)(9) Claimants

195. The Debtors purchase various goods from certain vendors who are unaffiliated with the Debtors and are, by and large, sole source or limited source suppliers without whom the Debtors could not operate. A significant portion of these vendors have supplied goods to the Debtors within twenty (20) days of the Petition Date (the "**503(b)(9) Claimants**"), thus otherwise entitling them to an administrative claim under section 503(b)(9) of the Bankruptcy Code. It is my understanding that as of the Petition Date, the 503(b)(9) Claimants are owed approximately $5 million. While typically these vendors would be required to file a motion or wait until a plan has been approved to receive their administrative claim, the Debtors believe that certain of these vendors play such a vital role in the Debtors' successful restructuring that it is in the best interest of the estate to pay these claims at the commencement of the Chapter 11 Cases. Additionally, many of these 503(b)(9) Claimants also provide essential services with respect to the goods that they provide, and such services are critical to the Debtors' operations.

196. The 503(b)(9) Claimants are limited to suppliers that (a) provide unique and specialized goods that are otherwise not readily available, (b) provide goods that the Debtors are unable to procure without incurring significant migration costs, operational delays, or

compromising quality, (c) do not have long-term written supply contracts such that the vendor could be compelled to continue providing goods or services in a timely and cost-efficient manner without unduly disrupting the Debtors' operations postpetition,[24] or (d) provide goods that are impossible to replace.

197. Many of these 503(b)(9) Claimants are in the unique position of holding a virtual monopoly over the goods they provide (and, on occasion, certain services which relate to such goods) due to their location, FAA regulations, or both. Replacement vendors, if available, would likely result in higher costs and significant delays for the Debtors. Even in the limited circumstances when there may be an alternative vendor, if the Debtors can benefit from maintaining lower costs of goods and services purchased during the postpetition period and avoid the severe disruption that might be occasioned by the cessation of service therefrom, I believe it is prudent for the Debtors to pay selected 503(b)(9) Claimants some or all of their prepetition claims. Except under extraordinary circumstances, however, such payment would be contingent on an agreement that the 503(b)(9) Claimants continue to sell their goods or services to the Debtors on a going forward basis on terms favorable to the Debtors.

198. The Debtors are mindful of the requirements of the Bankruptcy Code and their fiduciary obligations to preserve and maximize the value of the Debtors' assets and their estates. Indeed, despite the critical need for the receipt of essential goods and services, the Debtors historically have sought to bargain with their vendors to achieve the lowest price, the best quality, and the most favorable payment terms possible for each necessary product. The Debtors recognize that efficiency in procurement is critical to achieving profitability, and have developed

[24] Importantly, in many instances, the Debtors' contracts with certain of these vendors provide only a framework for the issuance of purchase orders that are limited in scope to particular projects or orders. Thus, the Debtors' postpetition ability to use the contracts to compel their vendors and suppliers to continue to provide goods and services may be limited.

valued relationships with many suppliers who have met the Debtors' standards for price, quality and payment terms. The Debtors hope to maintain and improve upon those vendor relationships on a postpetition basis. In order to do so, the Debtors request they be authorized, but not directed, to pay the 503(b)(9) Claimants all or a portion of their 503(b)(9) claims (and in some limited circumstances, services which relate to the 503(b)(9) claims) in accordance with the procedures set forth in the Critical Vendor Motion.

Other Lien Claimants

199. Erickson's operations include providing helicopter services on behalf of customers and operating s helicopter maintenance, repair, and overhaul ("**MRO**") business that services both their own helicopter fleet as well as third party customers' fleets. To service its customers in both of these capacities and to maintain safety standards, flight schedules, and on-time performance, Erickson requires the ability to quickly replace or repair aircraft parts and aircraft. Any disruption in the flow of Parts or Parts services immediately impacts Erickson's business. If aircraft become unavailable, there is an immediate effect on customer satisfaction and revenue generation. Further, government contracts are awarded partly on the basis of past performance review, and if Erickson is unable to deliver on-time performance, they are negatively affected, and may even be disqualified from, bidding on future government contracts. The Debtors require the ability to replace or repair aircraft Parts quickly, and if access to Parts is impaired, this would result in immediate and substantial economic harm to the Debtors.

200. In connection with their businesses, the Debtors utilize a supply chain that is composed of a varied, global network of vendors who supply both Parts and/or services. As part of an aircraft or aircraft component's regular maintenance cycle or when an aircraft or aircraft component requires unscheduled repair or maintenance, Erickson analyzes the equipment to

determine what maintenance and repairs are necessary and then identifies the process for securing necessary goods and services. Erickson typically removes the Parts that need to be replaced or repaired and then reinstalls the Parts obtained either from existing inventory or through purchase. Erickson repairs the removed Part in-house, or Erickson sends (using a Shipper (as defined below)) the removed Part to a third-party with the requisite expertise to repair the Part (a "**Repair Shop**"), or Erickson borrows a substitute Part from another of Erickson's aircraft for use.[25] Once a Part that has been sent to a third-party Repair Shop is overhauled and ready to be returned (or a newly-ordered Part is available from a supplier), the Part is carried by the Shippers to one of Erickson's locations and placed in inventory (to replenish necessary stock for future aircraft repairs) or, in many cases, put directly on a waiting helicopter.

201. Unlike other industries in which parts are readily available, aircraft parts suppliers are subject to mandatory certification and approval by several organizations before an airline can use the parts and, as a result, are difficult to source. The Debtors' relationship with their parts suppliers is subject to many mandatory layers of oversight and control by the FAA, the original equipment manufacturers (the "**OEMs**"), and the Debtors' engineers. To meet customer requirements and demands, Erickson primarily operates a legacy fleet of aircraft which is supported by a very limited total global supply base. As a result, many suppliers and/or service providers of Erickson's fleet are either "sole sourced" (i.e., they are the only source for the Part or service) or they are "single sourced" (i.e., they are the only Part or service provider who has been qualified to provide such Parts or services).

[25] Occasionally, it is less expensive for Erickson to purchase a Part from a third party if there is an "aircraft on ground" (an "**AOG**") and Erickson needs to get the aircraft up and running to perform customer contracts.

202. In addition to limited supplier availability, the quality and range of services provided by the suppliers varies widely. Suppliers differ with respect to the products they carry, the turnaround time from order to delivery (which is vital for on-the-spot repairs), prices, the warranties they offer, and the insurance they provide on the systems and parts they sell. It can take months or even years for the Debtors to locate and groom their suppliers for maximum efficiency and effectiveness or for a new supplier entering the market to obtain FAA, OEM, and the Debtors' engineering approval. Thus, a sudden need to switch suppliers would, at the very least, place the Debtors' operations into a period of inefficiency and could severely disrupt normal flight operations.

203. Without the requisite Parts, the Debtors will be unable to meet maintenance cycle deadlines or worse, aircraft requiring emergency repairs will be delayed and unable to fly. A single missing or "timed out" Part is all it takes to ground an aircraft. Suffering an AOG event is extremely destructive to the Debtors' businesses not only because an aircraft cannot generate revenue while it is grounded, but also because the Debtors' helicopter services business is typically assessed steep penalties for AOGs under their customer contracts. Consequently, Erickson generally devotes significant resources to ensure that the Debtors' supply chain is robust and capable of delivering Parts to the Debtors' bases around the globe where and when they are needed.

204. The Debtors need to protect their relationships with their most essential suppliers and maintenance service providers. The Debtors' aircraft Parts and service suppliers are essential because they are frequently less expensive than their competitors, and they have been fully approved, they have proven their reliability, and in many circumstances, they are difficult if not impossible to replace.

Repair Shops and Repair Orders

205. While Erickson performs a portion of its own maintenance functions, it is often necessary to utilize third-party servicers, i.e., Repair Shops. Many helicopter Parts are highly specialized, expensive to replace, and, because they have a long service life, undergo regular and repeated maintenance and repairs. Applicable aviation regulations require the Debtors to track the lifecycle and usage of certain key Parts (*e.g.*, engines and helicopter blades) and periodically remove them for overhaul. When the Debtors have the proper tools, internal expertise, and requisite certifications, they will repair and overhaul Parts themselves. In many cases, however, the only option is to send Parts out to Repair Shops. The Repair Shops are subject to licensing, certification, and/or approval of relevant aviation regulatory bodies. The work of the Repair Shops must be approved by the applicable OEM or the Debtors' engineers, or both, in accordance with the Debtors' regulatory approved maintenance plan. Maintenance service providers must stay current with OEM updates, and work orders are pre-approved by the Debtors' engineers. Additionally, the legacy nature of Erickson's fleet further limits the number of Repair Shops available to service Erickson's fleet. In fact, in many cases, the only Repair Shops certified to service critical Parts are the OEMs who manufactured the Parts in the first place. Thus, the universe of available and usable Repair Shops is limited.

206. Another issue the Debtors face relates to Parts shipped to Repair Shops for repair or maintenance prior to the Petition Date (the "**Repair Orders**"). In the ordinary course of business, the Debtors send over a hundred of Parts to Repair Shops every month. As of the Petition Date, the Debtors had approximately 600 Repair Orders outstanding (totaling approximately $3.25 million in service costs). Many of these vendors have conditioned return of the repaired Parts on payment of the relevant invoice in full. In many circumstances, such

vendors have asserted or may assert, among other rights, mechanics' liens, artisans' liens, materialmen's liens, or other statutory liens under applicable non-bankruptcy law against the Debtors' property.

207. Due to the unique nature of the repair and overhaul cycle for helicopters, some of the Repair Orders relate to Parts that were sent to Repair Shops years ago. These Parts, including helicopter engines, blades, gears, propellers and helicopter blades, are high value, critical Parts with highly regulated maintenance cycles. It is essential that the Debtors receive prompt shipment from the Repair Shops on the agreed upon schedule in accordance with the Debtors' approved maintenance and repair programs. Any delay in shipment of the Repair Orders would disrupt the Debtors' operations and could harm the Debtors' reorganization efforts.

208. The Debtors seek authority to pay certain of the Repair Order invoices in full with respect to Parts that the relevant Repair Shop refuses to deliver absent payment in full, and that the Debtors determine, in their business judgment, are critical to the Debtors' operations and could be subject to mechanics' liens, artisans' liens, materialmens' liens, other statutory liens, or some other right of retention under applicable non-bankruptcy law.

Shippers, Warehousemen, and Other Lien Claimants

209. Another integral part of the Debtors' operations is the use of civil common carriers, movers, shippers, freight forwarders/consolidators, delivery services, warehousing companies, customs brokers, shipping auditing services and certain other third-party services providers (collectively, the "**Shippers**") to ship, transport, store, move through customs and deliver goods through established distribution networks. The Debtors rely extensively on Shippers to transport parts, goods and packages to and from third parties including, without limitation, their Repair Shops. The Debtors also occasionally rely on third-party warehousemen,

bailees, storage facilities, loading and unloading services, and other providers of storage services for the Parts (collectively, the "**Warehousemen**"), to store Parts at their facilities for the benefit of the Debtors. In the ordinary course of business, the Debtors make payments to the Shippers and Warehousemen for such services (such payments, the "**Shipping and Warehousing Charges**"). The Debtors also routinely transact business with a number of equipment manufacturers, tool makers, service technicians, mechanics, building contractors, materialmen, and other service providers (collectively with the Shippers and Warehousemen, the "**Other Lien Claimants**") who perform a variety of services for the Debtors, including the on-site repair of equipment, and the manufacturing and repair of tools that are integral to the Debtors' daily operations and are critical to the Debtors' successful reorganization. As of the Petition Date, Erickson has several helicopter shipments in transit and/or at point of delivery. Thus, paying the Shipping and Warehousing Charges is critical to avoiding delay of delivery, disembarking and transport of these aircraft to their final location.

210. The services provided by the Other Lien Claimants are integral to the Debtors' day-to-day operations. Finding replacements that can meet the Debtors' needs involves much more than simply identifying other competitors in the industry. The Debtors must find Shippers that are capable of shipping massive helicopters and helicopter components and servicing the Debtors' remote bases around the world without causing delays. The Debtors must find Warehousemen with the appropriate experience to handle helicopter parts and equipment. All of the Other Lien Claimants have the requisite experience and certifications. Simply replacing these vendors with alternative providers is either not feasible at all, would be too costly or cause undue delay that would significantly impair the Debtors' Operations.

211. Because of the commencement of the Chapter 11 Cases, certain Other Lien Claimants who hold Parts for delivery to or from the Debtors may refuse to release the Parts pending receipt of payment for their prepetition services or be able to assert and perfect mechanics' liens, artisans' liens, materialmen's liens, a right of retention, or other types of possessory liens against the Debtors' property. Because the Debtors rely on the timely supply of goods and services to keep their businesses continuously running, any delay in shipment or delivery would disrupt the Debtors' operations and could harm the Debtors' reorganization efforts.

212. It is thus imperative that the Debtors be authorized to pay any Shipping and Warehousing Charges or invoices from Other Lien Claimants that the Debtors determine in their business judgment are necessary to pay to ensure the uninterrupted shipment and delivery of the Parts or to avoid the assertion of a lien over the Debtors' or their customers' property. The Debtors estimate that existing and anticipated invoices related to Shipping and Warehousing Charges incurred prior to the Petition Date total approximately $1.5 million. The Debtors request authority, but not direction to pay such charges where necessary to secure release of critical Parts.

Other Essential Vendors

213. The fleet that Erickson owns and operates includes several extremely unique aircraft specifically suited to meet customer contract needs. For example, Erickson owns or operates over half of the Aircranes available in the world, which are required in connection with many of the Debtors' customer contracts. There are very few suppliers of maintenance and parts that can adequately serve Erickson's unique fleet. As discussed above, many of these suppliers are "sole sourced" or "single sourced." In fact, over half of Erickson's vendors are "sole

sourced." In order to maximize the value of the Debtors' assets and keep Erickson's fleet operating, it is critical that the Debtors maintain relationships with their trusted providers of maintenance and parts (the "**Essential Vendors**"). In the event that a vendor is not classified as a 503(b)(9) Claimant or Other Lien Claimant and is absolutely essential to Erickson's continued operations, the Debtors request authority, but not direction, to be able to pay such Essential Vendors amounts owed on a prepetition basis. The Debtors believe that as of the Petition Date, the Essential Vendors and Other Lien Claimants are owed collectively approximately $3.5 million.

Outstanding Purchase Orders

214. As of the Petition Date, Erickson has various outstanding purchase orders (the "**Outstanding Purchase Orders**") with various third party vendors for Parts ordered by the Debtors that have not yet been delivered to the Debtors. Certain of these vendors will likely express concerns that, because the Debtors submitted the Outstanding Purchase Orders prior to the Petition Date, such obligations will be treated as prepetition claims in the Chapter 11 Cases. Accordingly, certain of these vendors may refuse to provide Parts to the Debtors purchased pursuant to the Outstanding Purchase Orders unless the Debtors issue substitute purchase orders postpetition or provide assurances that such amounts are permitted to be paid. The Debtors believe that they do not require the Court's approval to continue making payments pursuant to the Outstanding Purchase Orders, which are transacted in the ordinary course of business and create a benefit for the Debtors' estates that is conferred entirely postpetition; however, in an effort to avoid vendors withholding delivery on the assertion that Court approval is required and acting in an abundance of caution, the Debtors, request express authority to pay for Outstanding Purchase Orders as and when they become due and payable.

215. I believe that the relief requested in the Critical Vendor Motion is in the best interests of the Debtors' estates, their creditors, and all other parties in interest, and will enable the Debtors to continue to operate their business in Chapter 11 without disruption. Accordingly, on behalf of the Debtors, I respectfully submit that the Critical Vendor Motion should be approved.

K. Debtors' Emergency Motion For Entry Of Interim And Final Orders Pursuant To 11 U.S.C. §§ 105(a), 362, 363(b), 363(c), 1107(a) And 1108 And Fed. R. Bankr. P 6003 And 6004 (I) Authorizing Debtors To Pay Prepetition Obligations Owed To Foreign Creditors, (II) Enforcing the Protections of the Automatic Stay, (III) Authorizing And Directing Financial Institutions To Honor And Process Related Checks And Transfers, And (IV) Scheduling Final Hearing ("Foreign Creditors Motion")

216. In the Foreign Creditors Motion, the Debtors request entry of interim and final orders (a) authorizing, but not directing, the Debtors to pay, in their sole discretion and in the ordinary course of business, the Foreign Claims owing to Foreign Creditors either directly or through their Foreign Affiliates, (b) enforcing the protections of the automatic stay, (c) authorizing and directing the Debtors' banks to receive, process, honor, and pay, to the extent of funds on deposit, checks or electronic transfers used by the Debtors to pay the Foreign Claims without further order of the Court, and (d) scheduling a Final Hearing.

217. As a provider of air transportation services to a mix of commercial and government customers, Erickson operates in countries throughout the world. A significant portion of Erickson's annual flight operations involve origins or destinations outside the United States as a result of their business with the United States government (the "**U.S. Government**"). By Foreign Creditors Motion, the Debtors are requesting authority to pay the Foreign Creditors

with which they do business directly, and are not requesting authority to directly pay the vendors of any of the Foreign Affiliates.[26]

218. In the ordinary course of conducting their business, the Debtors incur various obligations to numerous foreign vendors, service providers, independent contractors, landlords and other entities (collectively, the "**Foreign Vendors**"), as well as to various governmental and quasi-governmental authorities, and private concessionaires for the operation of public services and facilities, including, without limitation, foreign, provincial, municipal, or other authorities (collectively, the "**Foreign Authorities**," and together with the Foreign Vendors, the "**Foreign Creditors**"). The Debtors rely on these Foreign Creditors to supply various goods, services, permits, licenses, and rights to the Debtors, as discussed in more detail below. The majority of Foreign Creditors are paid by the Foreign Affiliates; however, approximately twenty percent of the Foreign Creditors are paid directly by the Debtors. The Foreign Creditors paid directly by the Debtors include those vendors located in countries in which the Debtors do not have a Foreign Affiliate. The Debtors are requesting authority, but not direction, to pay the Foreign Creditors.

219. One important aspect of Erickson's international operations is its ability to operate in the airspace in foreign countries. Erickson is required to remain current on its payment obligations to Foreign Authorities and other Foreign Creditors to, among other things, access airspace, operate within their air traffic control systems, and obtain required inventory for their maintenance operations ("**Foreign Authority Fees**"). The Debtors may be assessed

[26] Some of Erickson's operations are conducted through non-Debtor affiliates, incorporated in various foreign jurisdictions. The Debtors currently have affiliated entities located in Turkey (Erickson Aviation Turkey), Canada (Canada Air-Crane Ltd), India (Erickson Support Services Private Limited), Peru (Erickson Aviation Peru S.A.C.), Brazil (Air Amazonia Ltda.), Malaysia (Erickson Air-Crane Malaysia), Uganda (Erickson Equitorial Aviation Limited), Italy (European Air-Crane), and Trinidad (Evergreen Helicopters International)(each a "Foreign Affiliate" and collectively, the "Foreign Affiliates").

customs duties and excise taxes, general sales taxes, fuel taxes, and other types of taxes (collectively, the "**Foreign Taxes**"). The Debtors are obligated to timely collect, withhold, incur, and remit Foreign Taxes to the applicable Foreign Authorities. Most of Erickson's obligations to Foreign Authorities are paid by their foreign non-Debtor affiliates; however, the Debtors may, on occasion, may directly incur a tax or fee related to their operations in a foreign country. Nonpayment of Foreign Authority Fees and Foreign Taxes may cause Foreign Authorities to take precipitous action that could disrupt the Debtors' operations and potentially impose significant additional and unnecessary costs to the Debtors' estates.

220. Erickson relies on Foreign Vendors to service and maintain certain aircraft at foreign maintenance facilities. While Erickson maintains a certain amount of spare parts in its "fly away kits" stored within the aircraft, it is logistically impossible to maintain a full inventory of every part that may be needed to allow aircraft to continue in operations safely and continuously. As such, circumstances often arise when the "fly away kit" will not have the necessary parts and the Debtors must obtain the part from an international maintenance provider. The Debtors have developed a network of suppliers in various foreign locations that have necessary parts in stock or are able to obtain the parts in an expedited fashion. I believe that requiring the Debtors to locate substitute suppliers in and around these locations would require a massive effort and the incurrence of substantial monetary costs.

221. Erickson also relies on Foreign Creditors to provide other services, including aircraft inspection and security-related services. The Debtors are subject to regulations imposed by the Federal Aviation Administration (the "**FAA**") and certain foreign regulatory authorities for aircraft safety and sanitation. As such, the Debtors must utilize Foreign Vendors to inspect their aircraft regularly and to verify compliance with FAA obligations.

222. To sustain their complex international flight operations, Erickson requires timely communication with their aircraft and access to critical data, including air traffic, weather patterns, and other information affecting the ability to safely and effectively navigate their aircraft. The Debtors use several Foreign Vendors to provide these services that could not be easily replaced without significant costs and delay.

223. As previously stated, the Debtors' foreign operations are an essential element of their operations. The global scope of the Debtors' business is a key source of revenue and a major factor in the overall reputation of the Debtors and the loyalty of their customers, especially the U.S. Government. To preserve the value of the Debtors' assets and operations, the Debtors must have the ability to continue to fund and maintain their international operations on an uninterrupted basis. Because of the nature of the Debtors' business and the customers to which they provide service, it would be impossible for the Debtors to attempt to substantially change their foreign operations.

224. Many of the Foreign Creditors have little or no connection to the United States. Although the scope of the automatic stay set forth in section 362 of the Bankruptcy Code is global, I am aware of the difficulty (if not impossibility) of enforcing the stay in foreign jurisdictions if the creditor to which enforcement is sought has no presence in the United States. As a result, despite the commencement of the Chapter 11 Cases and the imposition of the automatic stay, the Foreign Creditors likely would be able to immediately pursue remedies and seek to collect prepetition amounts owed to them. Indeed, there is the real risk that Foreign Creditors may attach or seize the Debtors' assets in their jurisdictions even before obtaining a judgment— which would significantly disrupt operations. Accordingly, out of an abundance of caution, the Debtors request this Court's recognition of the applicability of automatic stay

worldwide and the prohibition of any attachment, arrest, seizure, or any other adverse action taken against the Debtors' aircraft or equipment.

225. Additionally, in the absence of payment of their Foreign Claims, there is a distinct risk that certain Foreign Creditors may refuse to provide necessary goods and services, or allow access to foreign airspace, thereby jeopardizing the Debtors' ability to sustain international operations. As of the Petition Date, the Debtors estimate that they owe Foreign Creditors approximately $3.0 million Due to the varying nature of billing cycles associated with Foreign Creditors, especially some of the smaller creditors in remote locations, the Debtors often must wait months before they are invoiced. As a result, it is difficult, if not impossible, to calculate the actual outstanding amount owed to Foreign Creditors as of the Petition Date. Therefore, the Debtors seek authority to pay all Foreign Claims, to the extent necessary, and as they come due.

226. While the Debtors recognize that their ability to enforce the automatic stay is difficult, to the extent possible, the Debtors propose in connection with the payment of the Foreign Claims (unless otherwise waived by the Debtors in their discretion), that in exchange for payment of their prepetition Foreign Claims, the Foreign Creditors continue to provide goods and services to the Debtors on Customary Trade Terms. The Debtors propose that the Customary Trade Terms apply for the balance of the term of the Foreign Creditor's agreement with the Debtors; *provided, however,* that the Debtors pay for the goods and services in accordance with the payment terms provided in the agreement. If any Foreign Creditor is paid its prepetition Foreign Claim and thereafter does not continue to provide goods, services, or other items to the Debtors on Customary Trade Terms, any payments made will be deemed an avoidable postpetition transfer under section 549 of the Bankruptcy Code and will be recoverable by the Debtors in cash upon written request. Upon recovery by the Debtors, the Foreign Claims will be

reinstated as a prepetition claim in the amount recovered. The Debtors also seek authorization, but shall not be obligated, to obtain written verification, before issuing payment to a Foreign Creditor, that the Foreign Creditor will continue to provide goods and services to the Debtors on Customary Trade Terms as described above; *provided*, *however*, that the absence of written verification will not limit the Debtors' rights and relief sought herein.

227. I believe that the foregoing demonstrates the substantial benefits that will inure to its estates and creditors as a result of the Debtors honoring, maintaining and continuing its existing relationships with the Foreign Vendors during the postpetition period and honoring and satisfying the prepetition obligations owed to the Foreign Vendors. Accordingly, I believe that entry of an order authorizing the Debtors to honor their existing relationships with the Foreign Vendors is necessary and appropriate to maintain the Debtors' going concern value.

228. I believe the Debtors have sufficient funds to pay the amounts described in the Foreign Creditors Motion in the ordinary course of business by virtue of expected cash flows from ongoing business operations and anticipated access to cash collateral or debtor-in-possession financing. Also, under the Debtors' existing cash management system, the Debtors can readily identify checks or wire transfer requests as relating to an authorized payment made to Foreign Creditors. Accordingly, I believe that checks or wire transfer requests, other than those relating to authorized payments, will not be honored inadvertently and that this Court should authorize all applicable financial institutions, when requested by the Debtors, to receive, process, honor and pay any and all checks or wire transfer requests in respect of the relief requested herein.

229. Further, to the extent the Debtors intend to make a payment in excess of $50,000 under an order entered in connection with the Foreign Vendors Motion, such payment shall be

subject to the consent of the Backstop Parties; provided, that if the Backstop Parties do not object in writing (including email) to the payment of such amounts within 48 hours of receiving notice (including email) from the Debtors, the Backstop Parties will be deemed to have consented.

230. I believe that the relief requested in the Foreign Creditors Motion is in the best interests of the Debtors' estates, their creditors, and all other parties in interest, and will enable the Debtors to continue to operate their business in Chapter 11 without disruption. Accordingly, on behalf of the Debtors, I respectfully submit that the Foreign Creditors Motion should be approved.

L. Debtors' Emergency Motion For Entry Of Interim And Final Orders Establishing Notification And Hearing Procedures For Transfers Of, Or Claims Of Worthlessness With Respect To, Certain Equity Securities And For Related Relief ("Stock Transfer Motion")

231. In the Stock Transfer Motion, the Debtors request that the Court enter interim and final orders (a) establishing notification and hearing procedures regarding the trading of, or declarations of worthlessness for federal or state tax purposes with respect to, the Common Stock or Equity Securities in Erickson Incorporated that must be complied with before trades or transfers of such securities or declarations of worthlessness become effective, (b) ordering that any purchase, sale, or other transfer of, or declaration of worthlessness with respect to, Equity Securities in violation of the procedures set forth below shall be void *ab initio*, and (c) scheduling a Final Hearing.

232. The relief sought in the Stock Transfer Motion will protect and preserve the Debtors' valuable tax attributes, including the NOLs, as well as certain other tax and business

credits ("**Tax Credits**,"[27] and together with the NOLs, the "**Tax Attributes**"), ultimately benefitting all stakeholders.

233. The Debtors have incurred, and are currently incurring, significant net operating losses ("**NOLs**"), amounting to approximately $124 million as of September 30, 2016, translating to potential tax savings of approximately $45 million, based on a combined federal and state income tax rate of approximately 36.5%. The Debtors' NOLs consist of losses generated in any given or prior tax year and can be "carried forward" to up to 20 subsequent tax years to offset the Debtors' future taxable income, thereby reducing future aggregate tax obligations. I understand that NOLs also may be utilized to offset taxable income generated by transactions completed during the Chapter 11 Cases. I believe the relief sought in the Stock Transfer Motion will protect and preserve the Debtors' Tax Attributes, ultimately benefitting all stakeholders.

234. I believe that the failure to obtain the relief sought in the Stock Transfer Motion will greatly increase the risk that the Debtors will be unable to make use of their NOLs and Tax Attributes upon emergence from bankruptcy. I believe the loss of the Debtors' NOLs and Tax Attributes could cause substantial deterioration of value, harming the estates and significantly reducing the ultimate payout to the Debtors' stakeholders.

235. In particular, unrestricted trading of Equity Securities could adversely affect the Debtors' NOLs if (a) too many 5% or greater blocks of Equity Securities are created or (b) too many shares are added to or sold from such blocks such that, together with previous trading by 5% shareholders during the preceding three-year period, an ownership change within the meaning of section 382 of the Internal Revenue Code (the "**IRC**") is triggered prior to

[27] Based on information received as of September 30, 2016, these amounts are estimated to be approximately $9.5 million.

emergence and outside the context of a confirmed Chapter 11 plan. Likewise, if a 50% or greater shareholder was, for federal or state tax purposes, to treat its Equity Securities as having become worthless prior to the Debtors' emerging from Chapter 11 protection, such a claim could trigger an ownership change under IRC Section 382(g)(4)(D), thus causing an adverse effect on the Tax Attributes.

236. The Debtors' NOLs are substantial, and any loss of the Debtors' Tax Attributes, including during the first month of the Chapter 11 Cases, could cause significant and irreparable damage to the estates and stakeholders. Indeed, the relief requested in the Stock Transfer Motion is critical for maximizing estate value and will help to ensure a meaningful recovery for creditors. If no restrictions on trading or worthlessness deductions are imposed by this Court, such trading or deductions could severely limit or even eliminate the Debtors' ability to use their Tax Attributes — a valuable asset of the Debtors' estates — which could lead to significant negative consequences for the Debtors, their estates, the Debtors' stakeholders and the overall reorganization process.

237. I understand that the Debtors have limited the relief requested herein to the extent necessary to preserve estate value. Specifically: (a) as to stock trading, the proposed Interim and Final Orders will affect only holders of the equivalent of more than approximately 625,293 shares of Common Stock (*i.e.*, 4.5% or more of outstanding Common Stock)[28] and parties who are interested in purchasing sufficient Equity Securities to result in such party's becoming a holder of the equivalent of at least approximately 625,293 shares of Common Stock; and (b) as to worthless stock deductions, the proposed Interim and Final Orders will affect only holders of the equivalent of 50% or more of the Debtors' Common Stock.

[28] This number is based on the 13,895,421 shares of Common Stock outstanding as of the Petition Date.

238. By establishing procedures for continuously monitoring the trading of Equity Securities, the Debtors can preserve their ability to seek substantive relief at the appropriate time, particularly if it appears that additional trading may jeopardize the use of their Tax Attributes. Accordingly, the Debtors request that this Court enter an order establishing the following procedures (collectively, the "**Procedures for Trading in Equity Securities**"):

a. Any person or entity (as defined in section 101(15) of the Bankruptcy Code) who currently is or becomes a Substantial Shareholder (as such term is defined in paragraph e below) must file with the Court, and serve upon counsel to (i) the Debtors and (ii) the Backstop Parties (as defined in paragraph 13(d) below), a declaration of such status, substantially in the form of **Exhibit 1** annexed to **Exhibit A** attached hereto, on or before the later of (i) 30 days after the date of the Notice of Order (as defined herein) and (ii) ten days after becoming a Substantial Shareholder.

b. Prior to effectuating any transfer of Equity Securities that would result in an increase in the amount of Equity Securities of which a Substantial Shareholder has Beneficial Ownership or would result in an entity becoming a Substantial Shareholder, such Substantial Shareholder must file with the Court, and serve upon counsel to (i) the Debtors and (ii) the Backstop Parties , an advance written declaration of the intended transfer of Equity Securities in the form of **Exhibit 2** annexed to **Exhibit A** attached hereto (each, a "**Declaration of Intent to Purchase, Acquire or Otherwise Accumulate Equity Securities**").

c. Prior to effectuating any transfer of Equity Securities that would result in a decrease in the amount of Equity Securities of which a Substantial Shareholder has Beneficial Ownership or would result in an entity ceasing to be a Substantial Shareholder, such Substantial Shareholder must file with the Court, and serve upon counsel to (i) the Debtors and (ii) the Backstop Parties, an advance written declaration of the intended transfer of Equity Securities in the form of **Exhibit 3** annexed to **Exhibit A** attached hereto (each, a "**Declaration of Intent to Sell, Trade, or Otherwise Transfer Equity Securities**" and with a Declaration of Intent to Purchase, Acquire or Accumulate Equity Securities, each, a "**Declaration of Proposed Transfer**").

d. The (i) Debtors and (ii) funds and/or accounts affiliated with, or managed and/or advised by, Wayzata Investment Partners LLC, MHR Fund Management LLC, Foxhill Opportunity Fund L.P., and Corbin Opportunity Fund (together with their respective successors and permitted assignees, each a "**Backstop Party**" and collectively, the "**Backstop Parties**") shall have 30 calendar days after receipt of a Declaration of Proposed Transfer to file with the Court and serve on such Substantial Shareholder an objection to any proposed transfer of Equity Securities described in the Declaration of Proposed Transfer on the grounds that such

transfer might adversely affect the Debtors' ability to utilize their Tax Attributes. If the Debtors or the Backstop Parties file an objection, such transaction would not be effective unless such objection is withdrawn by the Debtors or the Backstop Parties, as applicable, or such transaction is approved by a final order of the Court that becomes non-appealable. If the Debtors and the Backstop Parties do not object within such 30-day period, such transaction could proceed solely as set forth in the Declaration of Proposed Transfer. Further transactions within the scope of this paragraph must be the subject of additional notices in accordance with the procedures set forth herein, with an additional 30-day waiting period for each Declaration of Proposed Transfer.

e. For purposes of these procedures, (i) a "**Substantial Shareholder**" is any entity that has Beneficial Ownership of at least approximately 625,293 shares of Erickson Incorporated common stock (representing approximately 4.5% of all issued and outstanding shares); (ii) "**Beneficial Ownership**" of Equity Securities includes direct and indirect ownership (*i.e.*, a holding company would be considered to beneficially own all shares owned or acquired by its subsidiaries), ownership by such holder's family members and entities acting in concert with such holder to make a coordinated acquisition of stock and ownership of shares that such holder has an option to acquire (as defined immediately hereafter); and (iii) an "**Option**" to acquire stock includes any contingent purchase, warrant, convertible debt, put, stock subject to risk of forfeiture, contract to acquire stock or similar interest, regardless of whether it is contingent or otherwise not currently exercisable.

239. The Debtors also request that the Court enter an order restricting the ability of shareholders that own or have owned 50% or more, by value, of the Equity Securities to claim a deduction for the worthlessness of those securities on their federal or state tax returns for a tax year ending before the Debtors emerge from Chapter 11 protection. Under IRC Section 382(g)(4)(D), any securities held by such a shareholder are treated as though they were transferred if such shareholder claims a worthlessness deduction with respect to such securities. It is therefore essential that shareholders that own or have owned 50% or more of the Equity Securities of the Debtors defer claiming such worthlessness deduction until after the Debtors have emerged from bankruptcy.

240. By restricting 50% shareholders from claiming a worthlessness deduction prior to the Debtors' emergence from Chapter 11 protection, the Debtors can preserve their ability to seek

substantive relief to use the Tax Attributes at a later date. Accordingly, the Debtors request that the Court enter an order establishing the following procedures:

a. Any person or entity that currently is or becomes a 50% Shareholder (as such term is defined in paragraph (d) below) must file with the Court, and serve upon counsel to (i) the Debtors and (ii) the Backstop Parties a notice of such status, in the form of **Exhibit 4** annexed to **Exhibit A** attached hereto, on or before the later of (a) 30 days after the date of entry of the Order and (b) 10 days after becoming a 50% Shareholder.

b. Prior to filing any federal or state tax return, or any amendment to such a return, claiming any deduction for worthlessness of the Common Stock of Erickson Incorporated, for a tax year ending before the Debtors' emergence from Chapter 11 protection, such 50% Shareholder must file with the Court, and serve upon counsel to (i) the Debtors and (ii) the Backstop Parties, an advance written notice in the form of **Exhibit 5** annexed to **Exhibit A** attached hereto (a "**Declaration of Intent to Claim a Worthless Stock Deduction**"), of the intended claim of worthlessness.

c. The Debtors and the Backstop Parties will have 30 calendar days after receipt of a Declaration of Intent to Claim a Worthless Stock Deduction to file with the Court and serve on such 50% Shareholder an objection to any proposed claim of worthlessness described in the Declaration of Intent to Claim a Worthless Stock Deduction on the grounds that such claim might adversely affect the Debtors' ability to utilize their Tax Attributes. If the Debtors or the Backstop Parties file an objection, the filing of the return with such claim would not be permitted unless unless such objection is withdrawn by the Debtors or the Backstop Parties or such transaction is approved by a final order of the Court that becomes non-appealable. If the Debtors or the Backstop Parties do not object within such 30- day period, the filing of the return with such claim would be permitted as set forth in the Declaration of Intent to Claim a Worthless Stock Deduction. Additional returns within the scope of this paragraph must be the subject of additional notices as set forth herein, with an additional 30-day waiting period.

d. For purposes of these procedures: (i) a "**50% Shareholder**" is any person or entity that at any time since November 1, 2013, has beneficially owned 50% or more of the Common Stock of Erickson Incorporated; (ii) "**beneficial ownership**" of equity securities includes direct and indirect ownership (*e.g.*, a holding company would be considered to beneficially own all shares owned or acquired by its subsidiaries), ownership by such holder's family members and persons acting in concert with such holder to make a coordinated acquisition of stock and ownership of shares that such holder has an Option to acquire; and (iii) an "**Option**" to acquire stock includes any contingent purchase, warrant, put, stock subject to risk of forfeiture, contract to acquire stock or similar interest, regardless of whether it is contingent or otherwise not currently exercisable.

241. I understand that the formulaic limitations under Sections 382 and 383 of the IRC can severely restrict the ability to use "pre-change losses" and "pre-change tax attributes" because the value of the stock of a distressed company may be quite low. Accordingly, if, prior to the effective date of the Debtors' Chapter 11 plan, too many substantial equity holders increase their equity interests or a 50% shareholder declares its shares to be worthless, such transfers may trigger an "ownership change" for IRC purposes, severely endangering the Debtors' ability to utilize the Tax Attributes and thus causing considerable damage to estate interests.

242. The risk of losing the ability to use even a portion of the Tax Attributes justifies granting the Debtors, ***from the first day of the Chapter 11 Cases***, the ability to monitor, and possibly object to, changes in ownership of Equity Securities. Granting the relief requested in the Stock Transfer Motion will preserve the Debtors' flexibility in operating the Debtors' businesses during the pendency of the Chapter 11 Cases and proposing a confirmable plan or reorganization that makes full and efficient use of the Debtors' Tax Attributes.

243. The requested relief does not bar all trading of Equity Securities, or all deductions for worthless Equity Securities. Moreover, the requested relief does not prohibit the trading in the Debtors' claims. At this early juncture, the Debtors seek to establish procedures only to monitor those types of stock trading and restrict those types of worthlessness deductions that would pose a serious risk under the Section 382 ownership change test to preserve the Debtors' ability to seek substantive relief if it appears that a proposed trade will jeopardize the use of their Tax Attributes.

244. Notably, the procedures requested by the Debtors in the Stock Transfer Motion would permit most stock and all claims trading to continue, subject to applicable law. The

restrictions on claiming deductions for worthless stock would apply only to 50% shareholders, and even then would not prohibit such deductions entirely, but would merely require them to be postponed to taxable years ending after the Debtors emerge from Chapter 11 protection. As noted in the Lancelot Declaration, only one holder[29] currently holds more than 50% of all outstanding Common Stock, with such ownership based on United States Securities and Exchange Commission ("***SEC***") rules and regulations.[30] Accordingly, this one majority holder may be the only party that would be unable to claim a worthless stock deduction as a result of entry of the Interim and Final Orders. Moreover, as also noted in the Lancelot Declaration, based on current SEC filings. there are only two other holders of Equity Securities who currently hold more than 4.5% of the Debtors' outstanding Common Stock.

245. Given the narrow nature of the injunction, I believe that the Court is justified in entering the Interim and Final Orders in the interests of protecting the Debtors' important estate assets. I believe that the relief requested in the Stock Transfer Motion is in the best interests of the Debtors' estates, their creditors, and all other parties in interest, and will enable the Debtors to continue to operate their business in Chapter 11 without disruption. Accordingly, on behalf of the Debtors, I respectfully submit that the Stock Transfer Motion should be approved.

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[29] Totals as stated in Schedule 14A Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934 (the "Proxy Statement") dated April 28, 2016 and filed with the United States Securities and Exchange Commission lists Quinn Morgan as owning or controlling 54.3 percent of common stock outstanding as of April 15, 2016. Mr. Morgan serves on the board of directors and is the managing member of ZM EAC LLC and Q&U Investments LLC. Q&U Investments LLC is the managing member of ZM Private Equity Fund I GP, LLC, which is the general partner of ZM Private Equity Fund I, L.P.; Q&U Investments LLC is the managing member of ZM Private Equity Fund II GP, LLC, which is the general partner of ZM Private Equity Fund II, L.P.; and Q&U Investments LLC is the managing member of 10th Lane Partners LLC, which is the managing member of 10th Lane Finance Co., LLC. Accordingly, Mr. Morgan may be deemed to have sole voting and investment power with respect to the shares held by ZM EAC LLC, ZM Private Equity Fund I, L.P., ZM Private Equity Fund II, L.P., and 10th Lane Finance Co., LLC.

[30] Since multiple Quinn Morgan entities actually hold this investment, none of them may individually reach the 50% threshold, and it is not clear whether they may be aggregated for purposes of Section 382(g)(4)(D).

M. Debtors' First Omnibus Motion Under Bankruptcy Code Section 365 For Authority To Reject Certain Aircraft Leases Nunc Pro Tunc To The Petition Date ("Rejection Motion")

246. In the Rejection Motion, the Debtors seek entry of an order (a) authorizing the Debtors to reject, effective as of the Petition Date, the Aircraft Leases specified on Annex 1 to Exhibit B of the Rejection Motion, and (b) to the extent necessary, deeming the rejection consistent with Bankruptcy Code § 1110(c)(1).

247. The Debtors lease certain of the aircraft and engines used to conduct their business. As of the Petition Date, the Debtors are parties to 27 aircraft leases.

248. Before the Petition Date, the Debtors, with the assistance of their advisors, began the process of reviewing and analyzing all of their contractual obligations so as to identify those aircraft leases that are burdensome to their estates and should be rejected pursuant to Bankruptcy Code § 365 of the Bankruptcy Code, resulting in significant cost savings to the Debtors' estates. To date, the Debtors have identified three aircraft, with engines (collectively, the "**Excess Aircraft**"), as set forth on **Annex 1** to **Exhibit B** of the Rejection Motion (the "**Excess Aircraft and Engines List**"), that are no longer necessary to operate the Debtors' businesses in accordance with their business plan.

249. Due to changes in the type of aircraft needed to support the Debtors' business, changes in customer demand, and the higher than market cost to continue operating certain aircraft, the Excess Aircraft are no longer needed for the Debtors' operations. If the leases for the Excess Aircraft are not rejected, they will burden the Debtors' estates with unnecessary costs. The Debtors have estimated that the rejection of the Aircraft Leases will result in savings of approximately $1.5 million.

250. I believe that the relief requested in the Rejection Motion is in the best interests of the Debtors' estates, their creditors, and all other parties in interest, and will enable the Debtors

to continue to operate their business in Chapter 11 without disruption. Accordingly, on behalf of the Debtors, I respectfully submit that the Rejection Motion should be approved.

(Signature Page Follows)

Dated: November 8, 2016

By: /s/
David Lancelot
Chief Financial Officer
Erickson Incorporated