

UNITED STATES BANKRUPTCY COURT Northern District of Texas (Dallas Division) PROOF OF CLAIM

Name of Debtor: Case Number:

NOTE: This form should not be used to make a claim for an administrative expense arising after the commencement of the case. A request for payment of an administrative expense may be filed pursuant to 11 U.S.C. § 503.

Name of Creditor (the person or other entity to whom the debtor owes money or property): [] Check this box to indicate that this claim amends a previously filed claim. Name and address where notices should be sent: DEPAOLO III, STEPHEN G 15 FOURTH AVE BELLINGHAM, MA 02019 Court Claim Number: (If known) Filed on:

FILED FEB 01 2010 TAYANA C. MARSHALL, CLERK U.S. BANKRUPTCY COURT NORTHERN DISTRICT OF TEXAS

Name and address where payment should be sent (if different from above): Telephone number: 508-966-4917 [] Check this box if you are aware that anyone else has filed a proof of claim relating to your claim. Attach copy of statement giving particulars. [] Check this box if you are the debtor or trustee in this case.

1. Amount of Claim as of Date Case Filed: \$ 42,700.11 If all or part of your claim is secured, complete item 4 below; however, if all of your claim is unsecured, do not complete item 4. If all or part of your claim is entitled to priority, complete item 5. [] Check this box if claim includes interest or other charges in addition to the principal amount of claim. Attach itemized statement of interest or charges.

2. Basis for Claim: Deferred Compensation & Growth Participation Plan (See instruction #2 on reverse side.) 3. Last four digits of any number by which creditor identifies debtor: 3a. Debtor may have scheduled account as: (See instruction #3a on reverse side.)

4. Secured Claim (See instruction #4 on reverse side.) Check the appropriate box if your claim is secured by a lien on property or a right of setoff and provide the requested information. Nature of property or right of setoff: [] Real Estate [] Motor Vehicle [] Other Describe: Value of Property: \$ Annual Interest Rate: % Amount of arrearage and other charges as of time case filed included in secured claim if any: \$ Basis for perfection: Amount of Secured Claim: \$ Amount Unsecured: \$ RECEIVED FEB 04 2010 BMC GROUP

5. Amount of Claim Entitled to Priority under 11 U.S.C. §507(a). If any portion of your claim falls in one of the following categories, check the box and state the amount. Specify the priority of the claim. [] Domestic support obligations under 11 U.S.C. §507(a)(1)(A) or (a)(1)(B). [] Wages, salaries, or commissions (up to \$10,950*) earned within 180 days before filing of the bankruptcy petition or cessation of the debtor's business, whichever is earlier - 11 U.S.C. §507 (a)(4). [X] Contributions to an employee benefit plan - 11 U.S.C. §507 (a)(5). [] Up to \$2,425* of deposits toward purchase, lease, or rental of property or services for personal, family, or household use - 11 U.S.C. §507 (a)(7). [] Taxes or penalties owed to governmental units - 11 U.S.C. §507 (a)(8). [] Other - Specify applicable paragraph of 11 U.S.C. §507 (a)(). Amount entitled to priority: \$ 42,700.11 *Amounts are subject to adjustment on 4/1/10 and every 3 years thereafter with respect to cases commenced on or after the date of adjustment.

6. Credits: The amount of all payments on this claim has been credited for the purpose of making this proof of claim. 7. Documents: Attach redacted copies of any documents that support the claim, such as promissory notes, purchase orders, invoices, itemized statements of running accounts, contracts, judgments, mortgages, and security agreements. You may also attach a summary. Attach redacted copies of documents providing evidence of perfection of a security interest. You may also attach a summary. (See instruction 7 and definition of "redacted" on reverse side.) DO NOT SEND ORIGINAL DOCUMENTS. ATTACHED DOCUMENTS MAY BE DESTROYED AFTER SCANNING. If the documents are not available, please explain: Date: 1/27/2010 Signature: The person filing this claim must sign it. Sign and print name and title, if any, of the creditor or other person authorized to file this claim and state address and telephone number if different from the notice address above. Attach copy of power of attorney, if any. FOR COURT USE ONLY Erickson Ret. Comm. LLC 00767



June 15, 2007
Stephen G DePaolo III
CDLPH

Dear Stephen,

As you are aware, the Growth Participation Plan (GPP) has undergone significant changes over the past year. We have now completed all of the necessary updates to the Plan document and collateral materials, and we are able to provide information on your personal position in the plan.

New Plan Information:

As we announced last year, we have converted the GPP from a long-term deferred compensation plan to a more current annual profit sharing arrangement. To that end, we enclose the amended GPP Plan Document along with an overview of the changes made to the plan and your grant of units. These changes are consistent with the communication received last year.

As an existing participant in the original Plan structure, you are eligible to receive the total New Participation Unit grant associated with your position in the new Plan. The total unit grant is 100 units. This grant will be issued in four installments of 25 units each over a four year period. The installments are similar to "rolling" options, and each will have a four year growth cycle. Any value that has accumulated over the four years for the installment will be paid per the terms of the restated Plan document.

The first installment of your grant of the New Participation Units was issued in 2006 and is deemed to have increased in value \$100 per New Participation Unit. The grant issuance is evidenced by this letter. We will not be issuing separate certificates.

Original Plan Balance:

In addition to new grants under the amended plan, we are in the second year of paying out your balance accrued under the original GPP through December 31, 2005. As discussed at the annual meeting, we are a growth company and continue to utilize our capital to start new campuses (Tall Grass Creek in Kansas City and Ashby Ponds in Virginia) in addition to supporting existing communities. We are completing the refinancing of our capital in multiple campuses and will be positioned to both fund the second installment by the end of July as well as starting our 20th community, Hickory Chase, in Ohio this fall.

Your balance in the original plan was fixed in 2006, with one quarter paid last year. The remaining balance is earning 9% and the second payment is targeted to be paid by the end of July. Your balance is \$22,630.50 and the targeted 2007 installment, plus interest, is \$ 7,543.50. If you are not yet vested, the installment will be directed to the account at PenCal. As a reminder, the original Plan vesting remains at 5 years of service.

We will update you on this schedule as we progress through the summer. Thanks for all your support and commitment.

If you have any other questions regarding the GPP, please contact your Human Resources Department.

Sincerely,

The Plan Administrators

SUMMARY ANNUAL REPORT

FOR ERICKSON RETIREMENT COMMUNITIES, LLC 401(K) RETIREMENT PLAN

This is a summary of the annual report for the ERICKSON RETIREMENT COMMUNITIES, LLC 401(K) RETIREMENT PLAN, EIN 52-2003375, for period January 1, 2006 through December 31, 2006. The annual report has been filed with the Employee Benefits Security Administration, U.S. Department of Labor, as required under the Employee Retirement Income Security Act of 1974 (ERISA).

Basic Financial Statement

Benefits under the plan are provided by a trust fund. Plan expenses were \$2,349,284. These expenses included \$948 in administrative expenses and \$2,348,336 in benefits paid to participants and beneficiaries. A total of 1543 persons were participants in or beneficiaries of the plan at the end of the plan year, although not all of these persons had yet earned the right to receive benefits.

The value of plan assets, after subtracting liabilities of the plan, was \$48,257,379 as of December 31, 2006, compared to \$35,460,168 as of January 1, 2006. During the plan year the plan experienced an increase in its net assets of \$12,797,211. This increase includes unrealized appreciation and depreciation in the value of plan assets; that is, the difference between the value of the plan's assets at the end of the year and the value of the assets at the beginning of the year or the cost of assets acquired during the year. The plan had total income of \$15,146,495 including employer contributions of \$2,877,034, employee contributions of \$6,690,267, earnings from investments of \$5,573,602 and other income of \$ 5,592.

Your Rights To Additional Information

You have the right to receive a copy of the full annual report, or any part thereof, on request. The items listed below are included in that report:

1. assets held for investment;
2. transactions in excess of 5% of the plan assets; and
3. information regarding any common or collective trusts, pooled separate accounts, master trusts or 103-12 investment entities in which the plan participates.

To obtain a copy of the full annual report, or any part thereof, write or call ERICKSON RETIREMENT COMMUNITIES, 991 CORPORATE BLVD., LINTHICUM, MD 21090. The charge to cover copying costs will be 50 cents per page.

You also have the right to receive from the plan administrator, on request and at no charge, a statement of the assets and liabilities of the plan and accompanying notes, or a statement of income and expenses of the plan and accompanying notes, or both. If you request a copy of the full annual report from the plan administrator, these two statements and accompanying notes will be included as part of that report. The charge to cover copying costs given above does not include a charge for the copying of these portions of the report because these portions are furnished without charge.

You also have the legally protected right to examine the annual report at the main office of the plan (ERICKSON RETIREMENT COMMUNITIES, 991 CORPORATE BLVD., LINTHICUM, MD 21090) and at the U.S. Department of Labor in Washington, D.C., or to obtain a copy from the U.S. Department of Labor upon payment of copying costs. Requests to the Department should be addressed to: Public Disclosure Room, Room N1513, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue, N.W., Washington, D.C. 20210.

Summary Annual Report for Erickson Retirement Communities, LLC Health Plan

This is a summary annual report of the Erickson Retirement Communities, LLC Health Plan (52-2003375) for January 1, 2006 – December 31, 2006. The annual report has been filed with the Employee Benefits Security Administration, as required under the Employee Retirement Income Security Act of 1974 (ERISA). Erickson Retirement Communities has committed itself to pay certain claims incurred under the terms of the plan.

Insurance Information

The plan has contracts with Highmark Life Insurance Company and Reliance Standard Life Company to pay certain life, ad&d, long term disability, short term disability, aggregate & specific claims incurred under the terms of the plan. The total premiums paid for the plan year ending December 31, 2006 were \$994,342.

Because the medical and dental are self-funded, the premium costs are affected by, among other things, the number and size of claims. The total of all benefit claims paid under the partially self-funded contract during the plan year was \$6,658,041.

Your Rights to Additional Information

You have the right to receive a copy of the full annual report, or any part thereof, on request. The item(s) listed below are included in that report:

- Insurance information, including sales commissions paid by insurance carriers
- Financial information and information on payments to service providers

To obtain a copy of the full annual report, or any part thereof, write or call the office of Erickson Retirement Communities, 701 Maiden Choice Lane, Catonsville, MD 21228; 410-242-2880. The charge to cover copying costs will be \$5.00 for the full annual report or \$.10 per page for any part thereof.

You also have the legally protected right to examine the annual report at the main office of the plan; 701 Maiden Choice Lane, Catonsville, MD 21228, and at the U.S. Department of Labor in Washington, D.C., or to obtain a copy from the U.S. Department of Labor upon payment of copying costs. Requests to the Department should be addressed to Public Disclosure Room, N1513, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue, N.W. Washington D.C. 20210.



March 5, 2009

To: Participants in the Erickson pre-2006 Growth Participation Plan (GPP)

From: Rick Grindrod

As a vested participant in the GPP, you were scheduled to receive your fourth and final payment from the plan during 2009. In accordance with the plan document, Erickson is notifying you of its intent to defer your final GPP distribution and does not expect to make this payment in 2009.

Erickson, like many companies, is facing short-term challenges as a result of the current economic downturn. The decision to defer this distribution is necessary to maintain our commitment to provide a high level of affordable care to our 23,000 residents during the current economic climate. It also will help enable us to continue to fulfill our mission from a position of strength when the economy improves.

You may contact Mary Ann Lambrechts, GPP Plan Administrator, at 443-883-4829 or at maryann.lambrechts@erickson.com if you have any questions regarding the Erickson Growth Participation Plan.

Thank you for your understanding.

A handwritten signature in cursive script that reads "Rick".

Bruce R. Grindrod, Jr.
President and CEO



December 4, 2009

Dear Fellow GPP Participant,

As you may know, some of Erickson's compensation programs and processes have been impacted as a result of our recent filing for bankruptcy and restructuring under Chapter 11. The Growth Participation Plan is among those programs affected by the filing.

Due to the complexity of Erickson's structure and financing, there are many secured creditors of the company that have priority claim to available funds in the bankruptcy proceedings. Any vested units in the Plan that are held by employees are considered unsecured debt. Unfortunately, it is unlikely that there will be significant remaining funds from the bankruptcy estate to make payments under the Plan to participants after the secured debt or other priority claimants are satisfied. In addition, it is not likely that the eventual buyer of the company will agree to assume the GPP liabilities.

Given this probable outcome, we have provided the Court with information pertaining to the Plan and the associated outstanding balances for units held by vested participants as of November 23, 2009. As a plan participant, you will be contacted in the near future by the Bankruptcy Court through the BMC group, a restructuring service provider. Their notice will provide the outstanding balance that the company has in your name, and your options for filing a claim with the Court. The balances will include any units not redeemed under both the old and new versions of the GPP, or any deferred payments held in accounts with PenCal.

You will not be required to file a claim; it will be your choice whether or not to do so. In order to file a claim you will need the relevant information provided by BMC. There will be a time limit to submit the claim, so please be aware of the deadline if you plan on filing. Filing a claim does not guarantee that you will receive any funds.

As company growth was impacted by the economy, the value of the Plan was impacted as well. We regret the outcome for plan participants but want to make sure that everyone is advised.

Sincerely,

A handwritten signature in black ink, appearing to read "Gary Cole", is written over a faint, dotted background.

Gary Cole
Vice President of Human Resources Operations
Erickson Retirement Communities