B 10 (Official Form 10) (12/08)

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

PROOF OF CLAIM

Name of Debtor: Erickson Retirement Communities, LLC

Case Number: 09-37010

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):

Name and address where notices should be sent:

20835747007763
COURTNEY, DAMMIE
2 STIRRUP CT
TINTON FALLS, NJ 07753

YOUR CLAIM IS SCHEDULED AS:
Schedule/Claim ID: s2763
AMOUNT/CLASSIFICATION
$27,043.50 UNSECURED

☐ Check this box to indicate that this claim amends a previously filed claim.

Court Claim Number:________
(*If known*)

Filed on:________

RECEIVED
FEB 27 2010
BMC GROUP

Name and address where payment should be sent (if different from above):
SAME AS ABOVE

Telephone number: 908-675-3359

☐ 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: $ 27,043.50

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: SEVERANCE AGREEMENT (ATTACHED) VESTED EMPLOYEE IN PART
(See instruction #2 on reverse side.)

3. Last four digits of any number by which creditor identifies debtor: 1568

3a. Debtor may have scheduled account as: N/A
(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.

OMIT

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: $**________

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).

☐ 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:

$________

**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: 2-3-2010

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.

[signature]

FOR COURT USE ONLY

Erickson Ret. Comm. LLC

01592

Penalty for presenting fraudulent claim: Fine of up to $500,000 or imprisonment for up to 5 years, or both. 18 U.S.C. §§ 152 and 3571.

CASE # 09-37010

Dear Dammie Courtney:

As you are now aware, big changes are ahead for the Growth Participation Plan (GPP). As we prepare for the new vision of the Plan, we prepare for the payout of the existing unit grant values.

With the establishment of the new unit value of $1201.74, your total unit grant(s) is now worth $108174. As announced, we will begin to pay out your unit grant in the existing plan over a four year period starting on May 18. The initial installment on your payout is $27043.5. The remaining unit grant will earn interest at a rate of 9% until the final installment, scheduled to be paid in 2009.

As a vested employee, the payout will be sent to you as ordinary payroll checks are. One difference is that this will be a live check, even if your regular paycheck is normally deposited directly with your bank.

If you have any questions about your vesting date or the value of your unit grant, please contact your Human Resources department.

All funds paid out of the GPP are paid as ordinary earnings and will be taxed accordingly. We will be providing financial planning resources to help you plan how to invest the proceeds of the GPP. We will forward additional information in the coming weeks. Please remember that you have an hour of time with a financial advisor available through the Employee Help Line. Just call 1-888-300-0431 to arrange an appointment.

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

Sincerely,

The Plan Administrators

701 Maiden Choice Lane   Catonsville, Maryland 21228   410-242-2880   www.ericksonretirement.com

CASE # 09-37010

SEABROOK

COPY

TO: Dammie Courtney

FROM: Vanessa D. Smith, SPHR
Director of Human Resources

DATE: January 29, 2007

RE: Separation Agreement and Release

This memorandum will confirm the agreement concerning your separation from employment with Seabrook Village, Inc. ("Seabrook") and sets forth the terms and conditions of the agreement.

1. The records of Seabrook will reflect that you were separated from employment, effective January 22, 2007. You will receive a paycheck for your regular wages through January 22, 2007 on the normal pay-date for Seabrook and you will receive a check for your accrued PTO hours, if any, on the normal paydate for Seabrook. Applicable taxes and withholdings will be deducted from these checks, including the deduction of any outstanding employee assistance/ tuition loans.

2. In addition, Seabrook will provide the items listed in this Section 2. You will not be entitled to any other or further compensation, remuneration, payments or benefits of any kind; however, nothing in this paragraph is intended to divest you of any retirement benefit in which you have a vested right, nor is it intended to affect any rights and entitlements you have to health insurance continuation under COBRA.

(a) Beginning after your signature of this Agreement, Seabrook will provide you sixteen weeks of separation pay at your regular 2006 salary, less applicable income tax withholdings and other standard payroll deductions. If outstanding employee assistance / tuition loans have not been repaid from the regular wages and PTO referenced in Section 1, then the balance owed will be deducted from any separation pay. The separation pay will be made in bi-weekly payments in accordance with Seabrook's regularly scheduled pay dates.

(b) Your current health benefits package will remain in effect through the end of January 2007 with the standard payroll deduction. Beginning in February 2007, you are eligible to continue your current health benefits package under COBRA. If you elect to continue your current health benefits under COBRA, Seabrook will continue to pay its current portion of the cost of your current health benefits under COBRA during the separation pay period, and you will be responsible for the remainder of the costs of maintaining your health benefits under COBRA. After the final payment of the separation pay, you will be responsible for the entire premium under COBRA.

3000 ESSEX ROAD • TINTON FALLS, NEW JERSEY 07753
732-643-2000
www.Erickson.com

Erickson® Retirement Communities

(c) It is agreed that you are currently fully vested in your remaining Growth Participation Plan Units which are valued at the 2005 value. You have already received redemption of one-quarter of your Units as of May 2006. Provided that you comply with the terms of this Agreement, your remaining Units will be redeemed per the terms of the Growth Participation Plan so that you will receive a check for redemptions of one-quarter of the gross amount, applicable taxes and withholdings to be deducted, in May 2007, May 2008, and May 2009 respectively.

(d) It is agreed that you are 100% vested in the employer's matching contributions towards your 403b plan.

3. You agree to return promptly all of Seabrook's or its management company's property including, but not limited to, your employee identification card, parking pass, equipment, supplies, and any and all documents and files concerning residents, employees, vendors, services, products, software, technical and business information prepared for or by Seabrook or its retirement communities. You agree to keep confidential any trade secret and any business, proprietary, confidential, or copyrighted information of Seabrook or its management company which you acquired in connection with your employment. You also agree not to provide any information in whatever form about Seabrook Retirement or its management company's business practices, policies, claims, or other confidential information which you acquired in connection with your employment to any person, unless required by law.

4. Except as required by law, you agree to keep the terms of this Agreement completely confidential, and further agree not to disclose the terms and conditions of this Agreement or the existence of this Agreement to anyone including, but not limited to, any past, present, or prospective employees or applicants for employment with Seabrook; provided, however, that this restriction shall not apply to disclosure by you to your attorney, your tax advisor, or your spouse, as applicable.

5. You agree not to communicate any derogatory or defamatory information concerning Seabrook or its management company Erickson Retirement Communities, including their members, directors, officers, employees, or agents, to any persons, corporations, or other entities. Seabrook agrees not to communicate any derogatory or defamatory information concerning you to any persons, corporation, or other entity. Seabrook also agrees that it will not contest your application for unemployment compensation benefits.

6. In consideration for the separation pay, contribution towards your benefits, and redemption of the GPP Units, you hereby release Seabrook, Erickson Retirement Communities, LLC, their members, directors, officers, employees, agents, and all related or affiliated persons or entities (collectively the "Released Parties") of and from any and all liability, claims, causes, demands, obligations, attorneys fees, actions, contracts, torts, promises, damages, and rights, arising as of the date of this release, which you have or may have arising out of or related to your employment, including the termination of your employment. This waiver and release includes all rights and obligations under any federal, state, or local laws, regulations, ordinances, or common

law, including but not limited to all employment discrimination laws such as Title VII of the Civil Rights Act of 1964, as amended, the New Jersey Law against Discrimination, the Americans with Disabilities Act, 42 U.S.C. Section 1981, and all other employment laws, all claims for wrongful discharge, all claims that the persons or entities released in this paragraph dealt unfairly with you, in bad faith, or in violation of any employment agreement, express or implied, and all claims for personal injury, emotional distress, pain and suffering, compensatory and/or punitive damages.

7. You further agree that you have not filed nor commenced any charges, complaints, claims, civil actions or other proceedings against the Released Parties in any federal, state or local agency, court, commission or other tribunal. You further agree not to seek or request damages in connection with any other claim, demand or charge that may be filed with any federal, State or local agency, court, commission or other tribunal against the Released Parties. This Agreement is not intended to interfere with any right you may have to file a charge with any federal, state or local governmental authority, except that you understand and agree that by entering into this Agreement, you waive any claim to recovery of any remedy beyond what is provided in this Agreement. Furthermore, you affirm and acknowledge that you have not been denied any leave requested under the Family and Medical Leave Act or any applicable state or local acts providing for leave. This paragraph does not preclude you from bringing an action to enforce the terms of this Agreement or to challenge the validity of this Agreement.

8. You agree that you had the opportunity to report to Seabrook any violations of the Seabrook Corporate Compliance Plan of which you had knowledge either during your employment or as part of your Exit Interview Questionnaire. You hereby further agree that you had no knowledge of any violations of the Plan except as otherwise reported.

9. This Agreement shall not be in any way construed as an admission by Seabrook, its members, directors, officers, employees, or agents of any liability, wrongdoing, discrimination, fault, or breach.

10. You have the right to consult with an attorney concerning this Agreement, if you believe that is appropriate. This offer will be held open for no more than ten (10) days from the date of this memorandum after which time the offer will expire.

11. Your signature will confirm that you are entering into this Agreement voluntarily and with the full understanding of all the above terms, and that you are not relying upon any representations, statements or agreements of Seabrook as a basis for entering into this Agreement except for those expressly set forth in this Agreement. In addition, once signed, this Agreement will set forth the entire agreement between Seabrook and you. It will supersede any previous agreements or discussions concerning your employment or the termination thereof, except as expressly noted above. No changes in this Agreement will be valid unless in writing and signed by both parties. Any need for interpretation or enforcement of this Agreement will be in accordance with New Jersey law, without regard to its conflict of laws provisions, and venue for any action shall be in Monmouth County, New Jersey. In the event that any one or more of the provisions of this Agreement shall for any reason be held to be invalid, illegal or unenforceable, the invalidity, illegality, or unenforceability

shall not affect any other provision, and the Agreement shall be construed as though it had not contained the invalid, illegal, or unenforceable provision.

[SIGNATURES ON NEXT PAGE]

PLEASE READ THIS AGREEMENT CAREFULLY. IT CONTAINS A RELEASE OF ALL KNOWN AND UNKNOWN CLAIMS AS OF THE DATE OF THIS AGREEMENT.

BY SIGNING BELOW, YOU ACKNOWLEDGE THAT YOU HAVE READ THIS AGREEMENT, UNDERSTAND IT, AND ARE VOLUNTARILY ENTERING INTO IT.

Witness: ______________________

Dammie Courtney ______________________

Date: ______________________

Witness: [signature]

Seabrook Village, Inc.

By: [signature]

Date: January 29, 2007

CASE # 09-37010

The growth participation plan (GPP) was established in 1998. It was a turbulent time as the company faced multiple challenges – including capital constraints and leadership changes. The plan had several goals. First was to drive alignment across the company – across operations and development, between mature campuses and new campuses, and across multiple departments. The second goal was to give company leaders a stake in the success of the company – shared risk and reward. The final goal was to figure out how to attract and retain top talent in spite of the fact that the company faced capital constraints. Thus the GPP was born.

The GPP originated as a phantom stock plan, i.e., the shares reflected a portion of the value of the company. Company value was calculated using a typical valuation methodology that looked at future cash flows as well as current assets. There are three primary components to overall company value. First is corporate net assets which is primarily cash as well as a small amount of predevelopment dollars. The second component is the management fees derived from the operations of the communities. The third component is a projection of the future value of development projects. This includes development and construction fees, as well as the estimated project margin. Given the uncertainty and risk of the development projects, the overall value of a specific project is a function of its estimated value as well as where it is in its lifecycle. For example, a $50m project in year 1 is given significantly less value than a $50m project in year 5.

Plan Value

The overall value of the GPP increased year-over-year by $39m, from $346m to $385m.

The details behind the company and plan valuations are a bit more complex. The overall company value decreased by $31m as John took cash out of the company to fund such initiatives at NorthBay. This can be seen in the reduction in JCE Preferred. Above the line, this cash comes out of the "Corporate Net Assets" line. It appears that Corporate Net Assets remained relatively unchanged over time. This would be a misinterpretation caused by netting multiple numbers. There were significant changes in the corporate assets – cash coming in from development projects and operations, and cash going out for NorthBay, predevelopment dollars for potential sites, etc...

What is the overall GPP value?

	2002	2003	2004	2005
Corporate Net Assets at Book Value	$63	$136	$189	$190
Value of Management Operations	50	70	70	95
Value of Development Projects	188	164	192	135
Total Company Value	$303	$370	$452	$421
JCE Preferred	$118	$115	$106	$36
Plan Value	**$185**	**$256**	**$346**	**$385**

Page 4

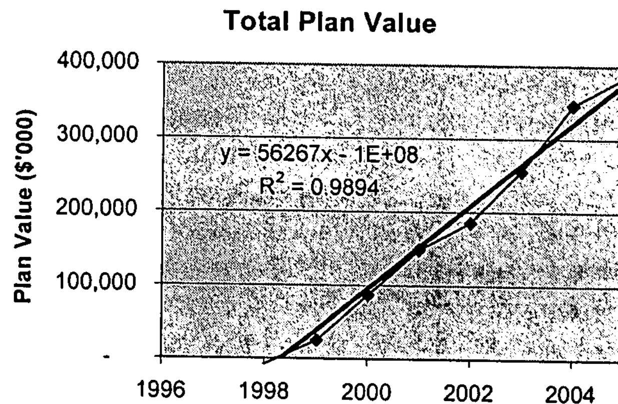
The "Management Operations" line, like Net Assets, contains multiple components. Two broad categories are management fees on the positive and unreimbursed corporate overhead on the negative. To say there was no change in the $70m between 2003 and 2004 would be incorrect. Revenue from management fees increase as did unreimbursed corporate overhead. The change between 2003 and 2004 netted to zero. Nevertheless, as revenue from management fees grow faster than corporate overhead, the Management Operations line increases in value.

The value of development projects dropped from $192m to $135m. Again, there are several drivers behind this number. One dynamic is that value is transferred from the Development Projects to Net Assets as projects mature. This value is transferred in cash through development fees, construction fees and purchase options. The other component is the actual valuation of the development projects based on the updated pro forma. We took a significant hit on Fox Run this year as we revised the pro forma to reflect the slower than projected absorption.

Bottom line – Good year. Plan increased by $40m even though overall company value decreased as John took cash out to fund projects such as NorthBay.

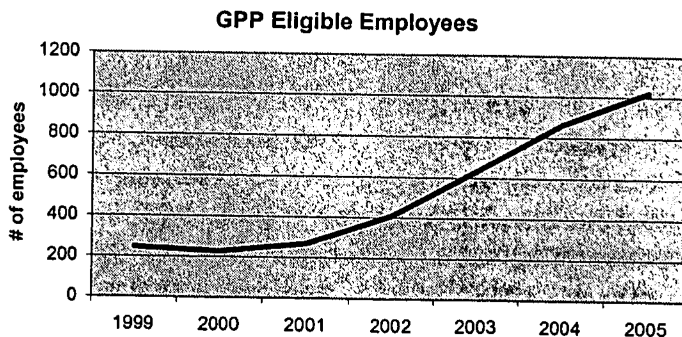
Plan value

Plan value has increased every year since its inception. The steady, predictable growth reflects the solidness of the underlying business. The linear trend line shows a couple of things. First is a high degree of predictability. This can be seen mathematically in the R-squared of .99 and visually by how close the dots fit a straight line. The other thing we see is that each year the plan has been growing by about $56m.

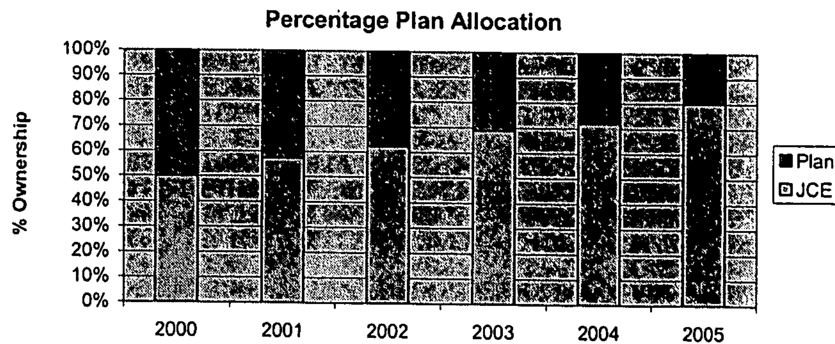


Ramping Up

The organization needs to add resources to grow– one of those resources is human capital. One effect of adding people to the GPP is the dilution of value– more slices of the pie. However, the other effect of adding people to the organization is that we are investing to grow for the future. This grows the overall size of the pie.



Percentage Allocation
When it was created, the value of the plan was split 50/50 between employees and JCE. However, that percentage changes over time as parties take money out of the



plan. The mechanics are governed by a partnership accounting methodology. The theory is pretty straightforward. If one party takes cash out of a partnership while the other party leaves cash invested, then value shifts to the party that has left the cash invested. In 2005, participation is split 80/20.

2005 Per Share Value
The 2005 per share value of the GPP is $1,103 – a $52 increase over last year. The $52 a share is a result of all the dynamics described above – plan value, dilution, etc... Bottom line is that the plan in its current formulation cannot continue to achieve the $150 a share expectation.

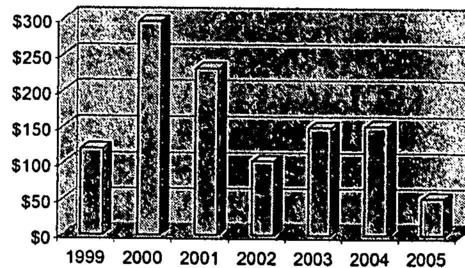
What is the per share value this year?

	2004	2005
Corporate Assets at Book Value	$189	$190
Value of Management Operations	70	95
Value of Development Projects	192	135
Total Company Value	452	421
JCE Preferred	106	36
Plan Value	346	385
Per share value	1,051	1,103

Annual increase of $51

Page 9

Not Sustainable
In general, the GPP has produced more value in the early years than in the latter years. We can see a downward sloping trend in terms of annual increase. Again, there are a number of factors contributing to the decrease in annual change.



2003 and 2004 share increases were both very close to $150 per share. This is not entirely coincidental. While the GPP is very formulaic and mechanical in its valuation, there is room for subjectivity, i.e., when and how much value do you recognize of future projects, how do you recognize the risk of slower than projected absorption in

cases such as Seabrook and Fox Run. These variables have given plan administrators, the corporate executive team, a slight degree of flexibility. The administrators understand the expectation of $150 a share and have used these levers to meet expectations. This year, however, the gap is big enough that even looking at some of these assumptions does not get us close to $150 per share.

What are we going to do long term?
We are going to amend the plan to create a more sustainable model. Since we have to change it fundamentally to make it sustainable, we will take the opportunity to make other enhancements as well.

What are we going to do short term?
John Erickson granted an additional $97 per share to bring the total annual increase to $150 a share. As we look at the new plan and the transition, there are a few subtleties to this additional $97 per share; nevertheless, the intent is to reward employees for solid 2005 and to meet expectations in terms of total compensation. This $97 per share represents close to $10m of value that John is giving to the employee portion of the plan.

One key aspect to this additional $97 per share being granted by John is that it will only be granted and paid out during the next four years to employees who stay with the company.

Other Enhancements
So we need to fundamentally change the structure of the plan valuation, what else might we change?

One significant opportunity would be to give employees the flexibility to access cash from the GPP and yet still benefit from the continued growth of the company. Right now it is an either/or situation. If an employee put her shares for purposes of diversification or because she needed access to the cash, she no longer benefits in the future from the success of the company. Is there a way to change this—to give employees access to some of the cash, and yet still continue to participate in future growth?

The GPP accrued balance to employees is about $100m. This is a large amount of deferred compensation owed to employees and yet is behind almost every participant in the capital structure. We have over $1b in debt that to banks and bondholders that would come before the deferred GPP compensation to employees. This means that employees are taking a significant amount of risk by leaving large amounts of capital invested in the GPP. Therefore, we see an opportunity to decrease the overall liability to employees by paying more current and to refine the capital structure of the company to make it less dependent on deferred employee compensation.

Risk managers always think of worst-case scenarios. It does not take much to imagine a scenario in which a highly-leveraged real estate company in the midst of significant growth has a couple of hiccups that push it over the edge. The last place that any of us

want to be is where managers and directors lose their $100k or $200k nest egg because the company has a hiccup.

Anyone who has been hired recently or has hired some recently knows the difficulty in estimating the value of the GPP. It is deferred compensation that has a 5 year vesting period before employees have access to the compensation. The 5 year vesting creates a significant unknown in itself. This combined with an unknown payout date (whenever you leave), plus an unknown expectation for share increase, plus the fact that we are not even supposed to communicate a commitment to the level of shares, makes the plan very, very difficult to value. Clearly there is significant value in the plan, over $100m of value. Is there a way to make this value more impactful to employees?

Finally, in 2004 the federal government passed new tax legislation that affects the tax implication of "options." The GPP falls under this regulation. While there has been some gray area in terms of its implications, if we are going to amend the plan, we might as well enhance to clarify any questions related to the new legislation. (For those who want to know, the legislation basically says that for taxable purposes "options" need to have a maturity date. They cannot continue to accrue value and then be exercised at any time simply at the discretion of an employee.)

What does not change?
There are several fundamentals that we want to preserve as part of an amended GPP. First, we want to maintain three components to the compensation for leadership – base salary, bonus and GPP. To simplify the transition to a new plan the number of shares held by employees will remain the same, i.e., managers will have 100 shares, directors 200, etc… Employees continue to share in the overall company success. This financially benefits employees and drives alignment across the organization. Finally, the valuation for a changed plan will still be comprised of cash flow + incentives for growth.

What's the updated plan look like?
The biggest change is that employees will be issued shares every year and paid more currently on those shares. Plan participants will benefit from their accrued value in cash and still continue to benefit from the success of the company.

Each year plan participants will be issued shares. After 4 years these shares will pay out and a new set of shares will be issued. In the amended plan we are looking at a model where shares accrue value for 4 years and are then paid out. For example a director, entitled to 200 shares total, would be issued 50 shares each year for 4 years. The 50 shares issued in year one would accumulate $100 of value. In year two, 50 more shares would be issued. These would accrue $100 in value as would the one issued in year one. The 50 issued in year one would now be worth $200. It would go on like this until year 4 when the first set of 50 shares, now worth $400 each, pay out for a total of $20k. 50 new shares would be issued.

We would like to achieve a $100 a share annual increase, but this is contingent on the success of the company. If we accelerate profitably and efficiently, we may achieve a per

share annual increase of more than $100. Conversely, if we have some hiccups, per share value could easily be less than $100.

Vesting for individuals will shorten from 5 years to 4 years. An employee must be vested, i.e., with the company for four years, before she is entitled to any of the value in the GPP. One benefit of the shorter vesting period is that the GPP should have more impact as a recruitment tool and more value for newer employees.

Shares are phased in over four years for new hires and for promotions. For example, a new manager would receive 25 shares a year for four years. Again, in the fifth year, the first 25 would be "cashed out" and a new set of 25 issued. The phasing in of the shares for new employees creates a built-in compensation increase that culminates in year five with vesting and the first significant GPP payout.

What happens when an employee leaves?
When an employee who is vested leaves, she has a set of shares that have accrued some value but do not vest until a future date. Most employees will get value when they leave; however, there will be a level of no non-compete tied to the payout. In the cases of retirement, death, disability, no cause termination, etc., employees would receive the accrued value. In a case of termination for cause an employee would not be entitled to the accrued value. The non-compete has a couple of purposes. First is to create a disincentive to jump to a competitor. This is not an insurmountable barrier and not meant to prevent an employee from pursuing other opportunities. The non-compete is intended to get an employee to think about the consequences of jumping to a competitor and to talk to her boss.

The final change will be in the methodology to determine the share value. The current model attempts to value the company and per share increase is a function of the growth in company value. The amended plan will use more of a "profit sharing" model for share valuation. The components will be the same–revenue from management fees, construction and development fees, less overhead, etc., and value will be given for new community starts as a way incent growth. The goal is to give a percentage of "profit" back to plan and then allocate that out by share. For example, the company may have a profit of $40m in a year and give 25% back to the plan. This $10m in is distributed to the plan. The Erickson Board of Directors determines the final distribution to the plan each year. Management will present to the Board a recommendation based the achievement of the company strategic goals and objectives as well as the financial results.

How will we transition?
This year will mark the beginning of transition to the new plan. The value of the current GPP shares will be frozen at this year's level. Erickson will pay the value of these shares over a 4-year period–¼ of the overall value each year for four years. At the same time an employee would receive shares in the new plan at the same rate over a 4 year period. For example, a manager who started in the plan at the beginning would have about $100k in value. She would be paid $25k a year for 4 years and receive 25 new shares a year for 4 years.

In addition to paying ¼ of the value each year, Erickson will pay 9% on the unpaid balance. For the manager in the example above this would represent another $7k in year 2 (9% * $75k), $4.5 in year 3 (9% * $50k), etc.

Shares in the amended plan will be phased in over the next 4 years. The will no change to employees who left the company during the last year. Employees who leave the company this year will be paid out under the terms of the old plan but will not get the additional $97 a share grant made by John.

Employees who have shares under the current plan but have not yet vested will have their cash invested in mutual funds of their choice. This is the same process that we do for distributions that are paid to unvested employees. When employees vest, they will be paid this value in the same way as fully vested employees.

Next steps

We are now in the process of communicating the GPP value for 2005, the changes to the plan, the reasons behind the changes, the transition, etc. We will develop more tools to assist employees in understanding the impact of the changes. Some of these will be communication tools, talking points, plan details, examples, etc. We will distribute some excel models in which employees can put their specific details to see the impact of the changes.