UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the quarterly period ended September 30, 2016 or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from to

Commission file number 1-35701

Era Group Inc.
(Exact Name of Registrant as Specified in Its Charter)

Delaware	**72-1455213**
(State or Other Jurisdiction of Incorporation or Organization)	**(IRS Employer Identification No.)**
818 Town & Country Blvd., Suite 200 **Houston, Texas**	**77024**
(Address of Principal Executive Offices)	**(Zip Code)**

713-369-4700
(Registrant's Telephone Number, Including Area Code)

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

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

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

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

The total number of shares of common stock, par value $0.01 per share, outstanding as of October 28, 2016 was 20,940,372. The Registrant has no other class of common stock outstanding.

ERA GROUP INC.

Table of Contents

Table of Contents

PART I—FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

ERA GROUP INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(unaudited, in thousands, except share amounts)

	September 30, 2016	December 31, 2015[1]
ASSETS		
Current assets:		
Cash and cash equivalents (including $1,680 and $3,192 from VIEs in 2016 and 2015, respectively)	$ 32,144	$ 14,370
Receivables:		
Trade, net of allowance for doubtful accounts of $1,214 and $2,103 in 2016 and 2015, respectively (including $6,254 and $8,240 from VIEs in 2016 and 2015, respectively)	34,300	48,639
Tax receivables	—	6,085
Other (including $1,008 and $179 from VIEs in 2016 and 2015, respectively)	6,490	3,305
Inventories, net (including $61 and $2,240 from VIEs in 2016 and 2015, respectively)	26,615	27,994
Prepaid expenses (including $129 and $0 from VIEs in 2016 and 2015, respectively)	1,799	1,963
Other current assets	190	191
Total current assets	101,538	102,547
Property and equipment (including $821 and $730 from VIEs in 2016 and 2015, respectively)	1,175,131	1,175,909
Accumulated depreciation (including $67 and $30 from VIEs in 2016 and 2015, respectively)	(347,113)	(316,693)
Property and equipment, net	828,018	859,216
Equity investments and advances	29,595	28,898
Intangible assets	1,141	1,158
Other assets (including $4,210 and $3,367 from VIEs in 2016 and 2015, respectively)	11,177	12,532
Total assets	$ 971,469	$ 1,004,351
LIABILITIES, REDEEMABLE NONCONTROLLING INTEREST AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued expenses (including $1,444 and $1,709 from VIEs in 2016 and 2015, respectively)	$ 9,132	$ 12,000
Accrued wages and benefits (including $2,452 and $2,108 from VIEs in 2016 and 2015, respectively)	9,077	9,012
Accrued interest	3,363	562
Accrued income taxes	550	—
Accrued other taxes (including $1,172 and $1,701 from VIEs in 2016 and 2015, respectively)	2,311	2,520
Accrued contingencies (including $1,543 and $2,410 from VIEs in 2016 and 2015, respectively)	1,543	2,410
Current portion of long-term debt (including $0 and $1,524 from VIEs in 2016 and 2015, respectively)	1,539	3,278
Other current liabilities (including $8 and $450 from VIEs in 2016 and 2015, respectively)	2,470	2,300
Total current liabilities	29,985	32,082
Long-term debt (including $0 and $5,259 from VIEs in 2016 and 2015, respectively)	232,655	263,698
Deferred income taxes	227,417	229,848
Other liabilities (including $3,032 and $729 from VIEs in 2016 and 2015, respectively)	4,280	2,616
Total liabilities	494,337	528,244
Commitments and contingencies (see Note 9)		
Redeemable noncontrolling interest	4,331	4,804
Equity:		
Common stock, $0.01 par value, 60,000,000 shares authorized; 20,940,372 and 20,495,694 outstanding in 2016 and 2015, respectively, exclusive of treasury shares	211	207
Additional paid-in capital	437,291	433,175
Retained earnings	38,062	40,502
Treasury shares, at cost, 171,614 and 154,549 shares in 2016 and 2015, respectively	(2,855)	(2,673)
Accumulated other comprehensive income, net of tax	92	92
Total equity	472,801	471,303
Total liabilities, redeemable noncontrolling interest and stockholders' equity	$ 971,469	$ 1,004,351

(1) Adjusted for the adoption of Accounting Standards Update ("ASU") 2015-03 on January 1, 2016 whereby $2,740 of debt issuance costs previously included in other assets are now included in long-term debt.

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

ERA GROUP INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited, in thousands, except share and per share amounts)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	**2015**	**2016**	**2015**
Operating revenues	$ 65,006	$ 69,741	$ 190,939	$ 207,894
Costs and expenses:				
Operating	40,371	43,007	132,074	126,396
Administrative and general	9,504	11,238	26,871	31,760
Depreciation and amortization	12,519	12,186	37,976	35,186
Total costs and expenses	62,394	66,431	196,921	193,342
Gains (losses) on asset dispositions, net	(246)	1,813	4,034	4,959
Operating income (loss)	2,366	5,123	(1,948)	19,511
Other income (expense):				
Interest income	466	232	1,170	800
Interest expense	(4,003)	(3,121)	(12,881)	(9,547)
Derivative gains (losses), net	—	8	—	(14)
Foreign currency gains (losses), net	(33)	146	577	(2,271)
Gain (loss) on debt extinguishment	—	(16)	518	248
Gain on sale of FBO (see Note 5)	—	—	—	12,946
Other, net	34	—	63	(9)
Total other income (expense)	(3,536)	(2,751)	(10,553)	2,153
Income (loss) before income taxes and equity earnings	(1,170)	2,372	(12,501)	21,664
Income tax expense (benefit)	69	1,343	(2,177)	9,426
Income (loss) before equity earnings	(1,239)	1,029	(10,324)	12,238
Equity earnings (losses), net of tax	437	(376)	1,062	(719)
Net income (loss)	(802)	653	(9,262)	11,519
Net loss attributable to noncontrolling interest in subsidiary	242	208	6,822	633
Net income (loss) attributable to Era Group Inc.	$ (560)	$ 861	$ (2,440)	$ 12,152
Income (loss) per common share:				
Basic	$ (0.03)	$ 0.04	$ (0.12)	$ 0.59
Diluted	$ (0.03)	$ 0.04	$ (0.12)	$ 0.59
Weighted average common shares outstanding:				
Basic	20,384,348	20,260,514	20,322,167	20,243,653
Diluted	20,384,348	20,287,069	20,322,167	20,292,782

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

ERA GROUP INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(unaudited, in thousands)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	**2015**	**2016**	**2015**
Net income (loss)	$ (802)	$ 653	$ (9,262)	$ 11,519
Other comprehensive income (loss):				
Foreign currency translation adjustments	—	136	—	(4)
Income tax benefit	—	—	—	1
Total other comprehensive income (loss)	—	136	—	(3)
Comprehensive income (loss)	(802)	789	(9,262)	11,516
Comprehensive loss attributable to noncontrolling interest in subsidiary	242	208	6,822	633
Comprehensive income (loss) attributable to Era Group Inc.	$ (560)	$ 997	$ (2,440)	$ 12,149

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

ERA GROUP INC.
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN REDEEMABLE NONCONTROLLING INTEREST AND EQUITY
(unaudited, in thousands)

	Redeemable Noncontrolling Interest	Era Group Inc. Stockholders' Equity: Common Stock	Additional Paid-In Capital	Retained Earnings	Treasury Shares	Accumulated Other Comprehensive Income	Total Equity
December 31, 2015	$ 4,804	$ 207	$ 433,175	$ 40,502	$ (2,673)	$ 92	$ 471,303
Issuance of common stock:							
Restricted stock grants	—	3	(3)	—	—	—	—
Employee Stock Purchase Plan	—	1	835	—	—	—	836
Tax deficit from share award plans	—	—	(216)	—	—	—	(216)
Share award amortization	—	—	3,479	—	—	—	3,479
Cancellation of restricted stock	—	—	21	—	(21)	—	—
Purchase of treasury shares	—	—	—	—	(161)	—	(161)
Net loss	—	—	—	(9,262)	—	—	(9,262)
Net loss attributable to redeemable noncontrolling interest	(473)	—	—	473	—	—	473
Contribution of capital from joint venture partner	6,349	—	—	—	—	—	—
Adjustment to carrying value of redeemable noncontrolling interest	(6,349)	—	—	6,349	—	—	6,349
September 30, 2016	$ 4,331	$ 211	$ 437,291	$ 38,062	$ (2,855)	$ 92	$ 472,801

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

ERA GROUP INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited, in thousands)

	Nine Months Ended September 30,	
	2016	2015
Cash flows from operating activities:		
Net income (loss)	$ (9,262)	$ 11,519
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	37,976	35,186
Share-based compensation	3,479	2,674
Bad debt expense, net	324	60
Gains on asset dispositions, net	(4,034)	(4,959)
Debt discount amortization	133	191
Amortization of deferred financing costs	684	773
Derivative losses, net	—	14
Foreign currency losses (gains), net	(842)	2,693
Cash settlements on derivative transactions, net	—	(274)
Gain on debt extinguishment, net	(518)	(248)
Gain on sale of FBO	—	(12,946)
Deferred income tax benefit	(2,822)	(5,279)
Equity losses (earnings), net of tax	(1,062)	719
Changes in operating assets and liabilities:		
Decrease (increase) in receivables	11,174	(7,500)
Decrease in prepaid expenses and other assets	2,228	2,558
Increase in accounts payable, accrued expenses and other liabilities	9,025	10,662
Net cash provided by operating activities	46,483	35,843
Cash flows from investing activities:		
Purchases of property and equipment	(10,712)	(47,260)
Proceeds from disposition of property and equipment	6,138	20,631
Cash settlements on forward contracts, net	—	(1,103)
Return of helicopter deposits	544	—
Business acquisitions, net of cash acquired	—	(3,165)
Proceeds from sale of FBO	—	14,252
Principal payments on notes due from equity investees	539	514
Principal payments on third party notes receivable	212	25
Escrow deposits, net	—	(340)
Escrow deposits on like-kind exchanges, net	—	(1,857)
Net cash used in investing activities	(3,279)	(18,303)
Cash flows from financing activities:		
Proceeds from Revolving Credit Facility	7,000	35,000
Payments on long-term debt	(29,538)	(52,149)
Extinguishment of long-term debt	(4,331)	(24,335)
Proceeds from share award plans	836	1,096
Tax expense on vested restricted stock	—	(114)
Purchase of treasury shares	(161)	(2,069)
Net cash used in financing activities	(26,194)	(42,571)
Effects of exchange rate changes on cash and cash equivalents	764	(2,028)
Net increase (decrease) in cash and cash equivalents	17,774	(27,059)
Cash and cash equivalents, beginning of period	14,370	40,867
Cash and cash equivalents, end of period	$ 32,144	$ 13,808
Supplemental cash flow information:		
Cash paid for interest	$ 8,847	$ 10,983
Cash paid (refunded) for income taxes	(5,974)	5,990
Supplemental disclosure of non-cash financing activities:		
Notes payable contributed to subsidiary	6,349	—

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

ERA GROUP INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

1. BASIS OF PRESENTATION AND ACCOUNTING POLICY

The condensed consolidated financial statements include the accounts of Era Group Inc. and its consolidated subsidiaries. Unless the context otherwise indicates, any reference in the Quarterly Report on Form 10-Q to the "Company" refers to Era Group Inc. and its consolidated subsidiaries, and any reference to "Era Group" refers to Era Group Inc. without its subsidiaries. The condensed consolidated financial information for the three and nine months ended September 30, 2016 and 2015 has been prepared by the Company and has not been audited by its independent registered public accounting firm. In the opinion of management, all adjustments (consisting of normal recurring adjustments) have been made to fairly present the Company's financial position as of September 30, 2016, its results of operations for the three and nine months ended September 30, 2016 and 2015, its comprehensive income for the three and nine months ended September 30, 2016 and 2015, its changes in equity for the nine months ended September 30, 2016, and its cash flows for the nine months ended September 30, 2016 and 2015. Results of operations for the interim periods presented are not necessarily indicative of operating results for the full year or any future periods.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles ("GAAP") in the United States ("U.S.") have been condensed or omitted. These condensed consolidated financial statements should be read in conjunction with the financial statements and related notes thereto included in Amendment No. 1 to the Company's Annual Report on Form 10-K/A for the year ended December 31, 2015.

Certain of the Company's operations are subject to seasonal factors. Operations in the U.S. Gulf of Mexico are often at their highest levels from April to September, as daylight hours increase, and are at their lowest levels from November to February, as daylight hours decrease. The Company's Alaskan operations also see an increase during May to September, as its firefighting and flightseeing operations occur during this time and daylight hours are significantly longer.

Basis of Consolidation. The consolidated financial statements include the accounts of Era Group Inc., its wholly and majority-owned subsidiaries and entities that meet the criteria of Variable Interest Entities ("VIEs") of which the Company is the primary beneficiary. All significant inter-company accounts and transactions are eliminated in consolidation. Aeróleo Taxi Aereo S/A ("Aeróleo") is a VIE of which the Company is the primary beneficiary.

Reclassifications. Certain amounts reported for prior years in the consolidated financial statements have been reclassified to conform with the current year's presentation.

Revenue Recognition. The Company recognizes revenues when they are realized or realizable and earned. Revenues are realized or realizable and earned when persuasive evidence of an arrangement exists, delivery has occurred or services have been rendered, the price to the buyer is fixed or determinable, and collectability is reasonably assured. Revenues that do not meet these criteria are deferred until the criteria are met. The unrecognized revenues and related activity for the periods indicated below were as follows (in thousands):

	Three Months Ended September 30, 2015	Nine Months Ended September 30, 2015
Balance at beginning of period	$ 37,084	$ 31,047
Revenues deferred during the period	12,381	32,531
Revenues recognized during the period	(7,333)	(21,446)
Balance at end of period	$ 42,132	$ 42,132

The deferred revenues noted above originated from Aeróleo, which became a consolidated entity on October 1, 2015, and for which subsequent collections of these deferred amounts are recorded as a settlement of an intercompany receivable and eliminated in consolidation.

Receivables. Customers are primarily major integrated and independent exploration and production companies, national oil companies, hospitals, international helicopter operators and the U.S. government. Customers are typically granted credit on a short-term basis, and related credit risks are considered minimal. The Company routinely reviews its receivables and makes provisions for probable doubtful accounts; however, those provisions are estimates and actual results could differ from those estimates and those differences may be material. Receivables are deemed uncollectible and removed from receivables and the allowance for doubtful accounts when collection efforts have been exhausted.

Business Combinations. The Company recognizes, with certain exceptions, 100% of the acquisition-date fair value of assets acquired, liabilities assumed, and noncontrolling interests in a business combination when the acquisition constitutes a change in control of the acquired entity. All non-cash consideration, including contingent consideration arrangements and pre-acquisition loss and gain contingencies, are measured and recorded at their acquisition-date fair value. Any goodwill resulting from the acquisition is measured as the difference between the consideration given and the recognized bases of the identifiable net assets acquired. Subsequent changes to the fair value of contingent consideration arrangements are generally reflected in earnings. Acquisition-related transaction costs are expensed as incurred and any changes in the acquiring entity's existing income tax valuation allowances and tax uncertainty accruals are recorded as an adjustment to income tax expense.

The operating results of entities acquired are included in the accompanying consolidated statements of income from the date of acquisition. Operating profits and losses of consolidated subsidiaries that are less than 100% owned are allocated to the owners based on their equity interests, or another method if the ownership documents prescribe such a method. Generally, noncontrolling interests are initially valued at fair value with any deficits resulting from accumulated losses of a subsidiary allocated to the Company. Subsequent profits recorded by the subsidiary are allocated to the Company to the extent that any losses attributable to noncontrolling interests were previously allocated to the Company.

New Accounting Standards. In May 2014, the Financial Accounting Standards Board ("FASB") issued ASU 2014-09 - *Revenue From Contracts With Customers*, which will base revenue recognition on the contract between a vendor and customer and will require reporting entities to allocate the transaction price to various performance obligations in a contract and recognize revenues when those performance obligations are satisfied. In March 2016, the FASB issued ASU 2016-08 - *Revenue from Contracts With Customers*, in April 2016, the FASB issued ASU 2016-10 - *Revenue from Contracts With Customers*, and in May 2016, the FASB issued ASU 2016-12 - *Revenue from Contracts With Customers*, all of which provide guidance on the application of certain principles in ASU 2014-09. Each of ASU 2014-09, 2016-08, 2016-10 and 2016-12 will be effective for annual reporting periods beginning after December 15, 2017 and any interim periods within that period. Early adoption is permitted for annual reporting periods beginning after December 15, 2016 and any interim periods within that period. The Company is currently evaluating the potential impact and the method of the adoption of each of ASU 2014-09, ASU 2016-08, ASU 2016-10 and ASU 2016-12 on its consolidated financial statements.

In August 2014, the FASB issued ASU 2014-15 - *Presentation of Financial Statements - Going Concern*, which modifies existing guidance on when and how to disclose going-concern uncertainties in the financial statements and requires management to perform interim and annual assessments of an entity's ability to continue as a going concern within a year of the date the financial statements are issued. ASU 2014-15 is effective for annual periods ending after December 15, 2016 and interim periods thereafter, and early adoption is permitted. The Company has not adopted ASU 2014-15 and believes such adoption will not have a material impact on its consolidated financial statements.

In February 2015, the FASB issued ASU 2015-02 - *Consolidation*, which amends the guidance for evaluating whether certain entities should be consolidated, particularly for general partner and limited partner relationships and VIEs that have fee arrangements or related party relationships with a reporting entity. The Company adopted ASU 2015-02 effective January 1, 2016, and such adoption did not have an impact on its consolidated financial statements.

In April 2015, the FASB issued ASU 2015-03 - *Interest - Imputation of Interest*, which requires debt issuance costs related to a recognized debt liability to be presented on the balance sheet as a direct reduction of the carrying amount of that liability. The recognition and measurement guidance for debt issuance costs is not affected by this ASU. In September 2015, the FASB issued ASU 2015-15 - *Interest - Imputation of Interest*, which amends ASU 2015-03 to allow issuers to continue to recognize debt issuance costs related to line-of-credit arrangements as an asset and amortize that asset over the term of the credit agreement. The Company adopted ASU 2015-03 and ASU 2015-15 effective on January 1, 2016. As of September 30, 2016 and December 31, 2015, the Company had debt issuance costs of $2.5 million and $2.7 million, respectively, exclusive of debt issuance costs associated with its amended and restated senior secured revolving credit facility (the "Revolving Credit Facility"). The adoption of ASU 2015-03 and ASU 2015-15 reduced other assets and long-term debt by these amounts for both condensed consolidated balance sheets presented.

In July 2015, the FASB issued ASU 2015-11 - *Inventory*, which is intended to simplify the way reporting entities account for inventory by requiring it to be valued at the lower of cost and net realizable value unless that entity uses the last-in, first-out or the retail inventory valuation method. ASU 2015-11 is effective for annual reporting periods beginning after December 15, 2016 and any interim periods within that period, and early adoption is permitted as of the beginning of an interim or annual reporting period. The Company has not adopted ASU 2015-11 and believes adoption will not have a material impact on its consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02 - *Leases*, which amends the existing accounting standards for lease accounting, including requiring lessees to recognize most leases on their balance sheets and making targeted changes to lessor accounting. ASU 2016-02 will be effective for annual reporting periods beginning after December 15, 2018, and early adoption is permitted. ASU 2016-02 requires a modified retrospective transition approach for all leases existing at, or entered into after, the date of initial application, with an option to use certain transition relief. The Company is still evaluating the potential impact of the adoption of ASU 2016-02 on its consolidated financial statements.

In March 2016, the FASB issued ASU 2016-07 - *Investments - Equity Method and Joint Ventures*, which eliminates the requirement to retroactively apply the equity method of accounting for an investment when an increase in the level of ownership or degree of influence causes the investment to qualify for equity method treatment and instead requires the entity to add the cost (if any) of acquiring the additional ownership or degree of influence to the current basis of the investment and apply equity method accounting as of the date the investment qualifies for such treatment. ASU 2016-07 is effective for annual reporting periods beginning after December 15, 2016, and early adoption is permitted as of the beginning of an interim or annual reporting period. The Company has not adopted ASU 2016-07 and believes adoption will not have a material impact on its consolidated financial statements.

In March 2016, the FASB issued ASU 2016-09 - *Compensation - Stock Compensation*, which simplifies several aspects of accounting for share-based payment transactions including income tax consequences, classification of awards as equity or liabilities and classification on the statement of cash flows. ASU 2016-09 will be effective for annual reporting periods beginning after December 15, 2016 including interim periods within that period. Early adoption is permitted as of the beginning of an interim or annual period provided that all adjustments are applied as of the beginning of the annual period in which the statement is adopted. The Company has not adopted ASU 2016-09 and believes such adoption will not have a material impact on its consolidated financial statements.

In August 2016, the FASB issued ASU 2016-15 - *Classification of Certain Cash Receipts and Cash Payments*, which is intended to reduce diversity in reporting certain transactions on the statement of cash flows by clarifying current GAAP where it may be unclear or does not include adequate explanation. ASU 2016-15 will be effective for annual reporting periods beginning after December 15, 2017 including interim periods within that period. Early adoption is permitted as of the beginning of an interim or annual period provided that all amendments included in ASU 2016-15 are adopted in the same period and applied as of the beginning of the annual period in which the statement is adopted. The Company has not adopted ASU 2016-15 and believes such adoption will not have a material impact on its consolidated financial statements.

In October 2016, the FASB issued ASU 2016-16 - *Income Taxes*, which requires entities to recognize income tax consequences of intra-entity transfers of assets, other than inventory, when the transfer occurs rather than when the asset is sold to a third party as is the case under current GAAP. ASU 2016-16 will be effective for annual reporting periods beginning after December 15, 2017 including interim periods within that period. Early adoption is permitted as of the beginning of an annual reporting period for which neither interim nor annual financial statements have been made available. The Company has not adopted ASU 2016-16 and believes such adoption will not have a material impact on its consolidated financial statements.

2. FAIR VALUE MEASUREMENTS

The fair value of an asset or liability is the price that would be received to sell an asset or transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The Company utilizes a fair value hierarchy that maximizes the use of observable inputs and minimizes the use of unobservable inputs when measuring fair value and defines three levels of inputs that may be used to measure fair value. *Level 1* inputs are quoted prices in active markets for identical assets or liabilities. *Level 2* inputs are inputs other than quoted prices included in *Level 1* that are observable for the asset or liability, either directly or indirectly, including quoted prices for similar assets or liabilities in active markets, quoted prices in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, or inputs derived from observable market data. *Level 3* inputs are unobservable inputs that are supported by little or no market activity and are significant to the fair value of the assets or liabilities.

As of September 30, 2016 and December 31, 2015, the Company did not have any assets or liabilities that are measured at fair value on a recurring basis.

The estimated fair values of the Company's other financial assets and liabilities as of September 30, 2016 and December 31, 2015 were as follows (in thousands):

	Carrying Amount	Level 1	Level 2	Level 3
September 30, 2016				
LIABILITIES				
Long-term debt, including current portion	$ 234,194	$ —	$ 213,765	$ —
December 31, 2015				
LIABILITIES				
Long-term debt, including current portion	$ 266,976	$ —	$ 243,817	$ —

The carrying values of cash and cash equivalents, receivables, notes receivable from other business ventures and accounts payable approximate fair value. The fair value of the Company's long-term debt was estimated using discounted cash flow analyses based on estimated current rates for similar types of arrangements. Considerable judgment was required in developing certain of the estimates of fair value and, accordingly, the estimates presented herein are not necessarily indicative of the amounts that the Company could realize in a current market exchange.

3. DERIVATIVE INSTRUMENTS

In 2011, the Company entered into two interest rate swap agreements that matured in December 2015 and called for the Company to pay fixed interest rates of 1.29% and 1.76% on an aggregate notional value equal to the principal balance on the underlying promissory notes and receive a variable interest rate based on LIBOR on these notional values. The general purpose of these interest rate swap agreements was to provide protection against increases in interest rates and higher interest costs for the Company. The interest rate swaps were not renewed upon maturity. The Company recognized gains of $0.1 million and $0.2 million for the three and nine months ended September 30, 2015, respectively, which are included in derivative losses, net on the condensed consolidated statements of operations. The Company had no interest rate swap agreements in place as of September 30, 2016 or December 31, 2015.

From time to time, the Company enters into forward exchange option contracts to hedge against foreign currency payment commitments and anticipated transaction exposures. All derivatives are recognized as assets or liabilities and marked to fair value each period. The Company does not use financial instruments for trading or speculative purposes. None of the Company's derivative instruments contain credit-risk-related contingent features, and counterparties to the derivative contracts are high credit quality financial institutions.

The Company entered into forward contracts during the second quarter of 2014 to mitigate its exposure to exchange rate fluctuations on euro-denominated aircraft purchase commitments. The Company did not designate these contracts as hedges for accounting purposes. The Company recorded a loss of $0 and $0.3 million on these derivative instruments during the three and nine months ended September 30, 2015, respectively. This loss is recorded in foreign currency gains (losses), net in the condensed consolidated statements of operations. The Company had no open forward contracts as of September 30, 2016 or December 31, 2015.

4. ESCROW DEPOSITS

From time to time, the Company enters into Qualified Exchange Accommodation Agreements with third parties to meet the like-kind exchange requirements of Section 1031 of the Internal Revenue Code ("IRC") and the provisions of Revenue Procedure 2000-37. In accordance with these provisions, the Company is permitted to deposit proceeds from the sale of assets into escrow accounts for the purpose of acquiring other assets and qualifying for the temporary deferral of realized taxable gains. Consequently, the Company establishes escrow accounts with financial institutions for the deposit of funds received on sales of equipment, which are designated for replacement property within a specified period of time. As of September 30, 2016 and December 31, 2015, the Company had no deposits in like-kind exchange escrow accounts.

During the nine months ended September 30, 2015, the Company sold one light twin helicopter for cash proceeds of $2.8 million, net of fees. The sale transaction was treated as a tax-free like-kind exchange for tax purposes under Section 1031 of the IRC whereby proceeds are held by a qualified intermediary until qualified assets are delivered. The Company was unable to purchase a qualifying asset prior to the expiration of the 180-day period subsequent to the closing date of the sale. As a result, the proceeds of $2.8 million were returned to the Company during the third quarter of 2015, and the sale was treated as a taxable event.

Also during the nine months ended September 30, 2015, the Company transferred title of one medium helicopter to Hauser Investments Limited ("Hauser") in connection with its acquisition of Hauser (see Note 5). This transfer was also treated as a tax-free like-kind exchange whereby Hauser deposited $11.8 million into an escrow account with a qualified intermediary for the benefit of the Company. The Company used these funds to purchase a qualifying asset in 2015.

5. ACQUISITIONS AND DISPOSITIONS

Sicher Helicopters SAS ("Sicher"). On April 9, 2015, the Company contributed $3.2 million in cash for a 75% interest in Hauser, which owns 100% of Sicher, a Colombian entity. In connection with the acquisition, the Company also transferred title of an AW139 medium helicopter to Hauser to be used in Sicher's operations.

The Company recorded all identifiable assets acquired and liabilities assumed at the estimated acquisition date fair value in accordance with Accounting Standards Codification 805 - *Business Combinations* ("ASC 805"). This acquisition did not represent a material business combination under ASC 805. The acquisition of the 75% interest in Hauser resulted in the recognition of intangible assets, comprised primarily of a Colombian air operator certificate, of $1.2 million. The fair value of the noncontrolling interest was determined using a discounted cash flow analysis.

The noncontrolling interest partner has a right to put its interest to the Company, and the Company has a right to call its partner's 25% ownership interest, each upon the occurrence of certain events and at fair value at the time of exercise as determined by an independent accounting firm. As a result of this put right, the noncontrolling interest related to Hauser is recorded in the mezzanine section of the condensed consolidated balance sheet as it does not meet the definition of a liability or equity under U.S. GAAP.

Capital Expenditures. During the nine months ended September 30, 2016, capital expenditures were $10.7 million and consisted primarily of deposits on future helicopter deliveries, spare helicopter parts, equipment and building improvements. In connection with the deferral of helicopter deliveries, the Company ceased capitalizing interest on helicopter deposits in the fourth quarter of 2015. During the three and nine months ended September 30, 2015, the Company capitalized interest of $1.8 million and $5.4 million, respectively. As of September 30, 2016 and December 31, 2015, construction in progress, which is a component of property and equipment, included capitalized interest of $4.5 million and $4.7 million, respectively. A summary of changes to our operating helicopter fleet is as follows:

Equipment Additions - The Company had no helicopter acquisitions during the nine months ended September 30, 2016. The Company acquired three BO105 light twin helicopters and one AS350 single engine helicopter in connection with the acquisition of Hauser during the nine months ended September 30, 2015.

Equipment Dispositions - During the nine months ended September 30, 2016, the Company sold or otherwise disposed of property and equipment for proceeds of $6.1 million and recognized gains of $4.0 million. During the nine months ended September 30, 2015, the Company sold or otherwise disposed of property and equipment for proceeds of $18.5 million and recognized gains of $3.1 million. Additionally, a dry-leasing customer exercised a purchase option for three helicopters from which the Company recognized a gain of $1.2 million and investments in sales-type leases of $2.3 million. Subsequent to exercising the purchase option, the customer opted for an early buy-out of two of the three sales type leases, resulting in cash proceeds of $2.1 million and additional gains of $0.6 million. The customer opted for an early buy-out of the remaining sales-type lease in the fourth quarter of 2015.

Fixed Base Operations ("FBO") Sale. On May 1, 2015, the Company sold its FBO business at Ted Stevens Anchorage International Airport to Piedmont Hawthorne Aviation, LLC. Pursuant to a membership interests purchase agreement, Piedmont Hawthorne Aviation, LLC acquired 100% of Era Group's wholly-owned subsidiary, Era FBO LLC, for cash proceeds of $14.3 million. The Company recognized a pre-tax gain of $12.9 million on the sale.

6. VARIABLE INTEREST ENTITIES

Aeróleo. In certain jurisdictions, local statutory requirements limit the amount of foreign ownership in aviation companies. To satisfy Brazilian ownership requirements, the Company acquired a 50% economic and 20% voting interest in Aeróleo in 2011. As a result of liquidity issues experienced by Aeróleo, it is unable to adequately finance its activities without additional financial support from the Company, making it a VIE. On October 1, 2015, the Company's partner in Aeróleo transfered its 50% economic and 80% voting interest in Aeróleo to a third party. Following this transaction, the Company has the ability to direct the activities that most significantly affect Aeróleo's financial performance, making the Company the primary beneficiary.

The Company's condensed consolidated balance sheets at September 30, 2016 and December 31, 2015 include assets of Aeróleo totaling $14.1 million and $17.9 million, respectively. The distribution of these assets to Era Group and its subsidiaries other than Aeróleo is subject to restrictions. The Company's condensed consolidated balance sheets at September 30, 2016 and December 31, 2015 include liabilities of Aeróleo of $9.7 million and $15.9 million, respectively. The creditors for such liabilities do not have recourse to Era Group or its subsidiaries other than Aeróleo.

The Company's condensed consolidated statements of operations for the three and nine months ended September 30, 2016 include operating revenues of $7.5 million and $21.6 million, respectively, and a net loss of $2.4 million and $4.5 million, respectively, as a result of the consolidation of Aeróleo, including the effects of intercompany eliminations. The table below represents the Company's pro forma results of operations for the three and nine months ended September 30, 2015 assuming the consolidation of Aeróleo began on January 1, 2015 (in thousands):

	Historical Results		Pro Forma Adjustments		Pro Forma Results
Three Months Ended September 30, 2015					
Operating revenues	$ 69,741		$ 12,932		$ 82,673
Net income attributable to Era Group Inc.	861		(4)		857
Nine Months Ended September 30, 2015					
Operating revenues	$ 207,894		$ 35,523		$ 243,417
Net income attributable to Era Group Inc.	12,152		(4,037)		8,115

7. INCOME TAXES

During the three months ended September 30, 2016 and 2015, the Company recorded income tax expense of $0.1 million and $1.3 million, respectively, resulting in effective tax rates of (5.9)% and 56.6%, respectively. During the nine months ended September 30, 2016 and 2015, the Company recorded income tax benefit of $2.2 million and expense of $9.4 million, respectively, resulting in effective tax rates of 17.4% and 43.5%, respectively. The decrease in tax rates is primarily due to losses at the Company's foreign affiliates.

Amounts accrued for interest and penalties associated with unrecognized income tax benefits are included in other expense on the condensed consolidated statements of operations. As of September 30, 2016 and December 31, 2015, the gross amount of liability for accrued interest and penalties related to unrecognized tax benefits was $0.5 million and $0.6 million, respectively.

8. LONG-TERM DEBT

The Company's borrowings as of September 30, 2016 and December 31, 2015 were as follows (in thousands):

	September 30, 2016	December 31, 2015
7.750% Senior Notes (excluding unamortized discount)	$ 144,828	$ 149,828
Senior secured revolving credit facility	70,000	90,000
Promissory notes	23,582	24,968
Other	15	9,509
	238,425	274,305
Less: portion due within one year	(1,539)	(3,278)
Less: debt discount, net	(1,758)	(4,589)
Less: unamortized debt issuance costs	(2,473)	(2,740)
Total long-term debt	$ 232,655	$ 263,698

7.750% Senior Notes. On December 7, 2012, Era Group issued $200.0 million aggregate principal amount of its 7.750% senior unsecured notes due December 15, 2022 (the "7.750% Senior Notes") and received net proceeds of $191.9 million. Interest on the 7.750% Senior Notes is payable semi-annually in arrears on June 15 and December 15 of each year. During the nine months ended September 30, 2016, the Company repurchased $5.0 million of the 7.750% Senior Notes and recognized a gain on extinguishment of $0.5 million. During the nine months ended September 30, 2015, the Company repurchased $24.9 million of the 7.750% Senior Notes and recognized a gain on extinguishment of $0.2 million.

Amended and Restated Senior Secured Revolving Credit Facility. On March 31, 2014, Era Group entered into the Revolving Credit Facility that matures in March 2019. The Revolving Credit Facility provides Era Group with the ability to borrow up to $300.0 million, with a sub-limit of up to $50.0 million for letters of credit. Subject to the satisfaction of certain conditions precedent and the agreement by the lenders, the Revolving Credit Facility includes an "accordion" feature which, if exercised, will increase total commitments by up to $100.0 million. Era Group's availability under the Revolving Credit Facility may be limited by the terms of the 7.750% Senior Notes.

Borrowings under the Revolving Credit Facility bear interest at a rate per annum equal to, at Era Group's election, either a base rate or LIBOR, each as defined, plus an applicable margin. The applicable margin is based on the Company's ratio of funded debt to EBITDA, as defined, and ranges from 75 to 200 basis points on the base rate margin and 175 to 300 basis points on the LIBOR margin. The applicable margin as of September 30, 2016 was 125 basis points on the base rate margin and 225 basis points on the LIBOR margin. In addition, the Company is required to pay a quarterly commitment fee based on the average unfunded portion of the committed amount at a rate based on the Company's ratio of funded debt to EBITDA, as defined, that ranges from 37.5 to 50 basis points. As of September 30, 2016, the commitment fee was 50 basis points.

The obligations under the Revolving Credit Facility are secured by a portion of the Company's helicopter fleet and the Company's other tangible and intangible assets and are guaranteed by Era Group's wholly owned U.S. subsidiaries. The Revolving Credit Facility contains various restrictive covenants including interest coverage, total leverage and asset coverage ratios, as well as other customary covenants including certain restrictions on the Company's ability to enter into certain transactions, including those that could result in the incurrence of additional indebtedness and liens, the making of loans, guarantees or investments, sales of assets, payments of dividends or repurchases of capital stock, and entering into transactions with affiliates.

As of September 30, 2016, Era Group had $70.0 million of outstanding borrowings under the Revolving Credit Facility and issued letters of credit of $1.2 million. In connection with the amendment of the Revolving Credit Facility in 2014, Era Group incurred debt issuance costs of $2.4 million. Such costs are included in other assets on the condensed consolidated balance sheets and are amortized to interest expense in the condensed consolidated statements of operations over the life of the Revolving Credit Facility.

Aeróleo Debt. During the nine months ended September 30, 2016, the Company prepaid a $1.0 million loan issued by Aeróleo due to a third party in Brazil. Also during the nine months ended September 30, 2016, the Company and its partner in Aeróleo each contributed notes payable to them by Aeróleo as a contribution of additional capital into Aeróleo. As a result, $6.3 million of debt due to the Company's partner in Aeróleo was recorded in net loss attributable to noncontrolling interest in subsidiary on the condensed consolidated statements of operations.

Promissory Notes. During the nine months ended September 30, 2016, the Company made scheduled payments on other long-term debt of $1.4 million. During the third quarter of 2016, these notes were amended to, among other things, provide for cross-collateralization such that the helicopters now secure both promissory notes.

9. COMMITMENTS AND CONTINGENCIES

Fleet. The Company's unfunded capital commitments as of September 30, 2016 consisted primarily of agreements to purchase helicopters and totaled $150.3 million, of which $35.6 million is expected to become payable during the remainder of 2016 with the balance payable through 2018. The Company also had $1.3 million of deposits paid on options not yet exercised. The Company may terminate $107.7 million of its total commitments (inclusive of deposits paid on options not yet exercised) without further liability other than aggregate liquidated damages of $2.5 million.

Included in these commitments are orders to purchase seven AW189 heavy helicopters, two S92 heavy helicopters and five AW169 light twin helicopters. The AW189 and S92 helicopters are scheduled to be delivered in 2016 through 2018. Delivery dates for the AW169 helicopters have yet to be determined. In addition, the Company had outstanding options to purchase up to ten additional AW189 helicopters. If these options are exercised, the helicopters would be scheduled for delivery beginning in 2017 through 2018.

Brazilian Tax Disputes. The Company is disputing assessments of approximately $7.1 million in taxes, penalties and interest levied by the municipal authorities of Rio de Janeiro (for the period between 2000 to 2005) and Macae (for the period between 2001 to 2006) (collectively, the "Municipal Assessments"). The Company believes that, based on its interpretation of tax legislation supported by clarifying guidance provided by the Supreme Court of Brazil with respect to the issue in a 2006 ruling, it is in compliance with all applicable tax legislation, has paid all applicable taxes, penalties and interest and plans to defend these claims vigorously at the administrative levels in each jurisdiction. In the event the Municipal Assessments are upheld at the last administrative level, it may be necessary for the Company to deposit the amounts at issue as security to pursue further appeals. The Company received a final, unfavorable ruling with respect to a similar assessment levied by the Rio de Janeiro State Treasury for the periods between 1994 to 1998 (the "1998 Assessments"). The 1998 Assessments were upheld without taking into consideration the benefit of the clarifying guidance issued by the Supreme Court following the assertion of the claims. The final adjudication of the 1998 Assessments requires payment of amounts that are within the established accruals, will be paid in multiple installments over time and are not expected to have a material effect on our financial position or results of operations. At September 30, 2016, it is not possible to determine the outcome of the Municipal Assessments, but the Company does not expect that an adverse outcome would have a material effect on its business, financial position or results of operations. In addition, it is not possible to reasonably estimate the likelihood or potential amount of assessments that may be issued for any subsequent periods.

The Company is also disputing challenges raised by the Brazilian tax authorities with respect to certain tax credits applied by Aeróleo between 1995 to 2009. The tax authorities are seeking $2.2 million in additional taxes, interest and penalties. The Company believes that, based on its interpretation of tax legislation, it is in compliance with all applicable tax legislation and plans to defend this claim vigorously. At September 30, 2016, it is not possible to determine the outcome of this matter, but the

Company does not expect that an adverse outcome would have a material effect on its business, financial position or results of operations.

The Company is disputing responsibility for $2.7 million of employer social security contributions required to have been remitted by one of its customers relating to the period from 1995 to 1998. Although the Company may be deemed co-responsible for such remittances under the local regulatory regime, the customer's payments to the Company against presented invoices were made net of the specific remittances required to have been made by the customer and at issue in the claim. As such, the Company plans to defend this claim vigorously. At September 30, 2016, it is not possible to determine the outcome of this matter, but the Company does not expect that an adverse outcome would have a material effect on its business, financial position or results of operations.

The Company is disputing certain penalties that are being assessed by the State of Rio de Janeiro in respect of the Company's alleged failure to submit accurate documentation and to fully comply with filing requirements with respect to certain value-added taxes. The Company elected to make payment of $0.2 million in installments over time to satisfy a portion of these penalties. Upon confirming with the asserting authority that the originally proposed penalties of $1.6 million with respect to the balance of the assessments were calculated based on amounts containing a typographical error, the aggregate penalties that remain in dispute total $0.4 million. At September 30, 2016, it is not possible to determine the outcome of this matter.

The Company is also disputing claims from the Brazilian tax authorities with respect to federal customs taxes levied upon the helicopters leased by the Company and imported into Brazil under a temporary regime and subject to re-export. In order to dispute such assessments and pursue its available legal remedies within the judicial system, the Company deposited the amounts at issue into an escrow account that serves as security and with the presiding judge in the matter controlling the release of such funds. The Company believes that, based on its interpretation of tax legislation and well established aviation industry practice, it is not required to pay such taxes and plans to defend this claim vigorously. At September 30, 2016, it is not possible to determine the outcome of this matter, but the Company does not expect that an adverse outcome would have a material effect on its business, financial position or results of operations.

As it relates to the specific cases referred to above, the Company currently anticipates that any administrative fine or penalty ultimately would not have a material effect on its financial position or results of operations. The Company has deposited $7.5 million into escrow accounts controlled by the court with respect to certain of the cases described above and has fully reserved such amounts subject to final determination and the judicial release of such escrow deposits. These estimated liabilities are based on the Company's assessment of the nature of these matters, their progress toward resolution, the advice of legal counsel and outside experts as well as management's intentions and experience.

Other. In the normal course of its business, the Company becomes involved in various litigation matters including, among other things, claims by third parties for alleged property damages and personal injuries. Management uses estimates in determining the Company's potential exposure to these matters and has recorded reserves in its financial statements related thereto where appropriate. It is possible that a change in the Company's estimates related to such exposure could occur, but the Company does not expect such changes in estimated costs would have a material effect on its consolidated financial position, results of operations or cash flows.

In April 2014, the Company entered into a settlement agreement with Airbus Helicopters (formerly Eurocopter), a division of Airbus Group (formerly European Aeronautic Defense and Space Company), with respect to the extended suspension of operations of H225 heavy helicopters in 2012 and 2013. The settlement agreement provided for certain service and product credit discounts available to the Company to be applied against support services available from Airbus Helicopters covering spare parts, repair and overhaul, service bulletins, technical assistance or other services. During the three and nine months ended September 30, 2016, the Company utilized credits in the amount of $0 and $1.7 million, respectively. During the three and nine months ended September 30, 2015, the Company utilized credits in the amount of $1.4 million and $3.9 million, respectively. As of September 30, 2016, the Company has utilized all credits available under the agreement.

10. EARNINGS (LOSS) PER COMMON SHARE

Basic earnings per common share of the Company are computed based on the weighted average number of common shares issued and outstanding during the relevant periods. Diluted earnings per common share of the Company are computed based on the weighted average number of common shares issued and outstanding plus the effect of potentially dilutive securities through the application of the if-converted method and/or treasury method. Dilutive securities for this purpose assume all common shares have been issued pursuant to the exercise of outstanding stock options.

Computations of basic and diluted earnings per common share of the Company for the three and nine months ended September 30, 2016 and 2015 were as follows (in thousands, except share and per share data):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Net income (loss) attributable to Era Group Inc.	$ (560)	$ 861	$ (2,440)	$ 12,152
Net income attributable to participating securities	—	13	—	163
Net income (loss) attributable to fully vested common stock	$ (560)	$ 848	$ (2,440)	$ 11,989
Shares:				
Weighted average common shares outstanding - basic	20,384,348	20,260,514	20,322,167	20,243,653
Net effect of dilutive stock options and restricted stock awards based on the treasury stock method[1]	—	26,555	—	49,129
Weighted average common shares outstanding - diluted	20,384,348	20,287,069	20,322,167	20,292,782
Earnings (loss) per common share:				
Basic	$ (0.03)	$ 0.04	$ (0.12)	$ 0.59
Diluted	$ (0.03)	$ 0.04	$ (0.12)	$ 0.59

____

(1) Excludes weighted average common shares of 290,887 and 331,145 for the three months ended September 30, 2016 and 2015, respectively, and 292,189 and 163,048 for the nine months ended September 30, 2016 and 2015, respectively, for certain share awards as the effect of their inclusion would have been antidilutive.

11. RELATED PARTY TRANSACTIONS

The Company terminated its Amended and Restated Transition Services Agreement ("TSA") with SEACOR Holdings Inc. ("SEACOR") effective June 30, 2015. The Company incurred no costs under the TSA during the three or nine months ended September 30, 2016 and costs of $0 and $0.6 million during the three and nine months ended September 30, 2015, respectively. Such costs are classified as administrative and general expenses in the condensed consolidated statements of operations. As of both September 30, 2016 and December 31, 2015, the Company had a payable due to SEACOR of less than $0.1 million.

The Company purchased products from its Dart Holding Company Ltd. ("Dart") joint venture totaling $0.5 million during each of the three months ended September 30, 2016 and 2015 and $1.6 million and $1.7 million during the nine months ended September 30, 2016 and 2015, respectively. The Company also has a note receivable from Dart which had balances of $3.3 million and $3.6 million as of September 30, 2016 and December 31, 2015, respectively.

During the three months ended September 30, 2016 and 2015, the Company incurred fees of $0.1 million and $0, respectively, for simulator services from its Era Training Center, LLC ("ETC") joint venture and provided helicopter, management and other services to ETC totaling less than $0.1 million and $0.1 million, respectively. During the nine months ended September 30, 2016 and 2015, the Company incurred fees of $0.4 million and $0.3 million, respectively, for simulator services from ETC, and provided helicopter, management and other services to ETC totaling $0.2 million and $0.3 million, respectively. The Company also has a note receivable from ETC which had balances of $4.1 million and $4.4 million as of September 30, 2016 and December 31, 2015, respectively.

During the nine months ended September 30, 2016, the Company and its partner in Aeróleo each contributed notes payable to them by Aeróleo as a contribution of additional capital into Aeróleo. In connection with the contributions, the Company recorded $6.3 million to net loss attributable to noncontrolling interest in subsidiary on the condensed consolidated statements of operations, representing the carrying value of the note contributed by its partner in Aeróleo.

12. SHARE-BASED COMPENSATION

Restricted Stock Awards. The number of shares and weighted average grant price of restricted stock awards during the nine months ended September 30, 2016 were as follows:

	Number of Shares	Weighted Average Grant Price
Non-vested as of December 31, 2015	311,372	$ 22.58
Restricted stock awards granted:		
Non-employee directors	40,663	$ 10.59
Employees	302,250	$ 10.56
Vested	(143,527)	$ 22.15
Forfeited	(2,120)	$ 24.23
Non-vested as of September 30, 2016	508,638	$ 14.59

The total fair value of shares vested during the nine months ended September 30, 2016 and 2015 was $3.2 million and $1.8 million, respectively.

Stock Options. The Company did not grant any stock options during the nine months ended September 30, 2016.

Employee Stock Purchase Plan ("ESPP"). During the nine months ended September 30, 2016, the Company issued 118,830 shares under the ESPP. On September 15, 2016, the ESPP was amended to, among other things, increase the number of shares reserved for issuance under the ESPP. As of September 30, 2016, 461,811 shares remain available for issuance under the ESPP.

Total share-based compensation expense, which includes stock options, restricted stock and the ESPP, was $3.5 million and $2.7 million for the nine months ended September 30, 2016 and 2015, respectively.

13. GUARANTORS OF SECURITIES

On December 7, 2012, Era Group issued the 7.750% Senior Notes. Era Group's payment obligations under the 7.750% Senior Notes are jointly and severally guaranteed by all of its existing 100% owned U.S. subsidiaries that guarantee the Revolving Credit Facility and any future U.S. subsidiaries that guarantee the Revolving Credit Facility or other material indebtedness Era Group may incur in the future (the "Guarantors"). All the Guarantors currently guarantee the Revolving Credit Facility, and the guarantees of the Guarantors are full and unconditional and joint and several.

As a result of the agreement by these subsidiaries to guarantee the 7.750% Senior Notes, the Company is presenting the following condensed consolidating balance sheets and statements of operations, comprehensive income and cash flows for Era Group ("Parent"), the Guarantors and the Company's other subsidiaries ("Non-guarantors"). These statements should be read in conjunction with the unaudited condensed consolidated financial statements of the Company. The supplemental condensed consolidating financial information has been prepared pursuant to the rules and regulations for condensed financial information and does not include all disclosures included in annual financial statements.

Supplemental Condensed Consolidating Balance Sheet as of September 30, 2016

	Parent	Guarantors	Non-guarantors	Eliminations	Consolidated
	(in thousands, except share data)				
ASSETS					
Current assets:					
Cash and cash equivalents	$ 28,692	$ 1,602	$ 1,850	$ —	$ 32,144
Receivables:					
Trade, net of allowance for doubtful accounts of $1,214	39	27,871	6,390	—	34,300
Other	—	5,362	1,128	—	6,490
Inventories, net	—	26,352	263	—	26,615
Prepaid expenses	439	1,231	129	—	1,799
Other current assets	190	—	—	—	190
Total current assets	29,360	62,418	9,760	—	101,538
Property and equipment	—	1,159,147	15,984	—	1,175,131
Accumulated depreciation	—	(345,877)	(1,236)	—	(347,113)
Property and equipment, net	—	813,270	14,748	—	828,018
Equity investments and advances	—	29,595	—	—	29,595
Investments in consolidated subsidiaries	181,394	—	—	(181,394)	—
Intangible assets	—	—	1,141	—	1,141
Deferred taxes	5,771	—	—	(5,771)	—
Intercompany receivables	469,301	—	—	(469,301)	—
Other assets	1,659	5,308	4,210	—	11,177
Total assets	$ 687,485	$ 910,591	$ 29,859	$ (656,466)	$ 971,469
LIABILITIES, REDEEMABLE NONCONTROLLING INTEREST AND STOCKHOLDERS' EQUITY					
Current liabilities:					
Accounts payable and accrued expenses	$ 139	$ 7,207	$ 1,786	$ —	$ 9,132
Accrued wages and benefits	—	6,583	2,494	—	9,077
Accrued interest	3,363	—	—	—	3,363
Accrued income taxes	—	536	14	—	550
Accrued other taxes	30	1,109	1,172	—	2,311
Accrued contingencies	—	—	1,543	—	1,543
Current portion of long-term debt	—	1,524	15	—	1,539
Other current liabilities	647	1,789	34	—	2,470
Total current liabilities	4,179	18,748	7,058	—	29,985
Long-term debt	210,597	22,058	—	—	232,655
Deferred income taxes	—	232,510	678	(5,771)	227,417
Intercompany payables	—	436,996	32,305	(469,301)	—
Other liabilities	—	1,246	3,034	—	4,280
Total liabilities	214,776	711,558	43,075	(475,072)	494,337
Redeemable noncontrolling interest	—	4	4,327	—	4,331
Equity:					
Common stock, $0.01 par value, 60,000,000 shares authorized; 20,940,372 outstanding, exclusive of treasury shares	211	—	—	—	211
Additional paid-in capital	437,291	100,306	4,562	(104,868)	437,291
Retained earnings	38,062	98,631	(22,105)	(76,526)	38,062
Treasury shares, at cost, 171,614 shares	(2,855)	—	—	—	(2,855)
Accumulated other comprehensive income, net of tax	—	92	—	—	92
Total equity	472,709	199,029	(17,543)	(181,394)	472,801
Total liabilities, redeemable noncontrolling interest and stockholders' equity	$ 687,485	$ 910,591	$ 29,859	$ (656,466)	$ 971,469

Supplemental Condensed Consolidating Balance Sheet as of December 31, 2015

	Parent	Guarantors	Non-guarantors	Eliminations	Consolidated
	(in thousands, except share data)				
ASSETS					
Current assets:					
Cash and cash equivalents	$ 7,565	$ 3,334	$ 3,471	$ —	$ 14,370
Receivables:					
Trade, net of allowance for doubtful accounts of $2,103	39	40,345	8,255	—	48,639
Tax receivables	6,013	72	—	—	6,085
Other	—	3,089	216	—	3,305
Inventories, net	—	25,557	2,437	—	27,994
Prepaid expenses	458	1,411	94	—	1,963
Other current assets	190	1	—	—	191
Total current assets	14,265	73,809	14,473	—	102,547
Property and equipment	—	1,159,441	16,468	—	1,175,909
Accumulated depreciation	—	(316,090)	(603)	—	(316,693)
Net property and equipment	—	843,351	15,865	—	859,216
Equity investments and advances	—	28,898	—	—	28,898
Investments in consolidated subsidiaries	172,335	—	—	(172,335)	—
Intangible assets	—	—	1,158	—	1,158
Deferred income taxes	3,823	—	—	(3,823)	—
Intercompany receivables	515,255	—	—	(515,255)	—
Other assets	2,166	6,999	3,367	—	12,532
Total assets	$ 707,844	$ 953,057	$ 34,863	$ (691,413)	$ 1,004,351
LIABILITIES, REDEEMABLE NONCONTROLLING INTEREST AND STOCKHOLDERS' EQUITY					
Current liabilities:					
Accounts payable and accrued expenses	$ 386	$ 9,635	$ 1,979	$ —	$ 12,000
Accrued wages and benefits	—	6,875	2,137	—	9,012
Accrued interest	549	13	—	—	562
Current portion of long-term debt	—	1,663	1,615	—	3,278
Accrued other taxes	30	789	1,701	—	2,520
Accrued contingencies	—	—	2,410	—	2,410
Other current liabilities	534	1,311	455	—	2,300
Total current liabilities	1,499	20,286	10,297	—	32,082
Long-term debt	235,134	23,305	5,259	—	263,698
Deferred income taxes	—	232,994	677	(3,823)	229,848
Intercompany payables	—	501,512	13,743	(515,255)	—
Other liabilities	—	1,887	729	—	2,616
Total liabilities	236,633	779,984	30,705	(519,078)	528,244
Redeemable noncontrolling interest	—	4	4,800	—	4,804
Equity:					
Common stock, $0.01 par value, 60,000,000 shares authorized; 20,495,694 outstanding, exclusive of treasury shares	207	—	—	—	207
Additional paid-in capital	433,175	95,543	9,325	(104,868)	433,175
Retained earnings	40,502	77,434	(9,967)	(67,467)	40,502
Treasury shares, at cost, 154,549 shares	(2,673)	—	—	—	(2,673)
Accumulated other comprehensive income, net of tax	—	92	—	—	92
Total equity	471,211	173,069	(642)	(172,335)	471,303
Total liabilities, redeemable noncontrolling interest and stockholders' equity	$ 707,844	$ 953,057	$ 34,863	$ (691,413)	$ 1,004,351

Supplemental Condensed Consolidating Statements of Operations for the Three Months Ended September 30, 2016

	Parent	Guarantors	Non-guarantors	Eliminations	Consolidated
			(in thousands)		
Operating revenues	$ —	$ 59,130	$ 15,786	$ (9,910)	$ 65,006
Costs and expenses:					
Operating	—	31,759	18,522	(9,910)	40,371
Administrative and general	738	7,274	1,492	—	9,504
Depreciation	—	12,244	275	—	12,519
Total costs and expenses	738	51,277	20,289	(9,910)	62,394
Gains on asset dispositions, net	—	2	(248)	—	(246)
Operating income (loss)	(738)	7,855	(4,751)	—	2,366
Other income (expense):					
Interest income	24	116	326	—	466
Interest expense	(3,581)	(387)	(35)	—	(4,003)
Foreign currency gains (losses), net	28	82	(143)	—	(33)
Other, net	—	1	33	—	34
Total other income (expense)	(3,529)	(188)	181	—	(3,536)
Income (loss) before income taxes and equity earnings	(4,267)	7,667	(4,570)	—	(1,170)
Income tax expense (benefit)	(604)	673	—	—	69
Income (loss) before equity earnings	(3,663)	6,994	(4,570)	—	(1,239)
Equity earnings, net of tax	—	437	—	—	437
Equity in earnings (losses) of subsidiaries	3,103	—	—	(3,103)	—
Net income (loss)	(560)	7,431	(4,570)	(3,103)	(802)
Net loss attributable to noncontrolling interest in subsidiary	—	—	242	—	242
Net income (loss) attributable to Era Group Inc.	$ (560)	$ 7,431	$ (4,328)	$ (3,103)	$ (560)

Supplemental Condensed Consolidating Statements of Operations for the Three Months Ended September 30, 2015

	Parent	Guarantors	Non-guarantors	Eliminations	Consolidated
			(in thousands)		
Operating revenues	$ —	$ 69,491	$ 655	$ (405)	$ 69,741
Costs and expenses:					
Operating	—	42,812	600	(405)	43,007
Administrative and general	1,773	9,329	136	—	11,238
Depreciation	—	11,674	512	—	12,186
Total costs and expenses	1,773	63,815	1,248	(405)	66,431
Gains on asset dispositions, net	—	1,813	—	—	1,813
Operating income	(1,773)	7,489	(593)	—	5,123
Other income (expense):					
Interest income	4	228	—	—	232
Interest expense	(2,801)	(298)	(22)	—	(3,121)
Intercompany interest income (expense)	—	165	(165)	—	—
Derivative losses, net	—	8	—	—	8
Foreign currency gains (losses), net	4	75	67	—	146
Gain on debt extinguishment	(16)	—	—	—	(16)
Total other income (expense)	(2,809)	178	(120)	—	(2,751)
Income (loss) before income taxes and equity earnings	(4,582)	7,667	(713)	—	2,372
Income tax expense (benefit)	(2,593)	4,340	(404)	—	1,343
Income (loss) before equity earnings	(1,989)	3,327	(309)	—	1,029
Equity losses, net of tax	—	(376)	—	—	(376)
Equity in earnings (losses) of subsidiaries	2,850	—	—	(2,850)	—
Net income (loss)	861	2,951	(309)	(2,850)	653
Net loss attributable to noncontrolling interest in subsidiary	—	49	159	—	208
Net income (loss) attributable to Era Group Inc.	$ 861	$ 3,000	$ (150)	$ (2,850)	$ 861

Supplemental Condensed Consolidating Statements of Operations for the Nine Months Ended September 30, 2016

	Parent	Guarantors	Non-guarantors	Eliminations	Consolidated
			(in thousands)		
Operating revenues	$ —	$ 175,607	$ 47,669	$ (32,337)	$ 190,939
Costs and expenses:					
Operating	—	107,127	57,284	(32,337)	132,074
Administrative and general	2,657	21,233	2,981	—	26,871
Depreciation	—	37,144	832	—	37,976
Total costs and expenses	2,657	165,504	61,097	(32,337)	196,921
Gains on asset dispositions, net	—	4,282	(248)	—	4,034
Operating income (loss)	(2,657)	14,385	(13,676)	—	(1,948)
Other income (expense):					
Interest income	37	358	775	—	1,170
Interest expense	(11,765)	(671)	(445)	—	(12,881)
Foreign currency gains (losses), net	45	(142)	674	—	577
Gain on debt extinguishment	518	—	—	—	518
Other, net	—	2	61	—	63
Total other income (expense)	(11,165)	(453)	1,065	—	(10,553)
Income (loss) before income taxes and equity earnings	(13,822)	13,932	(12,611)	—	(12,501)
Income tax expense (benefit)	(2,323)	146	—	—	(2,177)
Income (loss) before equity earnings	(11,499)	13,786	(12,611)	—	(10,324)
Equity earnings, net of tax	—	1,062	—	—	1,062
Equity in earnings (losses) of subsidiaries	9,059	—	—	(9,059)	—
Net income (loss)	(2,440)	14,848	(12,611)	(9,059)	(9,262)
Net loss attributable to noncontrolling interest in subsidiary	—	6,349	473	—	6,822
Net income (loss) attributable to Era Group Inc.	$ (2,440)	$ 21,197	$ (12,138)	$ (9,059)	$ (2,440)

Supplemental Condensed Consolidating Statements of Operations for the Nine Months Ended September 30, 2015

	Parent	Guarantors	Non-guarantors	Eliminations	Consolidated
			(in thousands)		
Operating revenues	$ —	$ 207,550	$ 1,087	$ (743)	$ 207,894
Costs and expenses:					
Operating	—	125,886	1,253	(743)	126,396
Administrative and general	4,889	26,582	289	—	31,760
Depreciation	—	34,341	845	—	35,186
Total costs and expenses	4,889	186,809	2,387	(743)	193,342
Gains on asset dispositions, net	—	7,564	(2,605)	—	4,959
Operating income	(4,889)	28,305	(3,905)	—	19,511
Other income (expense):					
Interest income	12	786	2	—	800
Interest expense	(8,909)	(605)	(33)	—	(9,547)
Intercompany interest income (expense)	—	489	(489)	—	—
Derivative losses, net	—	(14)	—	—	(14)
Foreign currency gains (losses), net	620	(2,958)	67	—	(2,271)
Gain on debt extinguishment	248	—	—	—	248
Gain on sale of FBO	12,946	—	—	—	12,946
Other, net	—	—	(9)	—	(9)
Total other income (expense)	4,917	(2,302)	(462)	—	2,153
Income (loss) before income taxes and equity earnings	28	26,003	(4,367)	—	21,664
Income tax expense (benefit)	12	11,314	(1,900)	—	9,426
Income (loss) before equity earnings	16	14,689	(2,467)	—	12,238
Equity losses, net of tax	—	(719)	—	—	(719)
Equity in earnings (losses) of subsidiaries	12,136	—	—	(12,136)	—
Net income (loss)	12,152	13,970	(2,467)	(12,136)	11,519
Net loss attributable to noncontrolling interest in subsidiary	—	376	257	—	633
Net income (loss) attributable to Era Group Inc.	$ 12,152	$ 14,346	$ (2,210)	$ (12,136)	$ 12,152

Supplemental Condensed Consolidating Statements of Comprehensive Income for the Three Months Ended September 30, 2016

	Parent	Guarantors	Non-guarantors	Eliminations	Consolidated
			(in thousands)		
Net income (loss)	$ (560)	$ 7,431	$ (4,570)	$ (3,103)	$ (802)
Other comprehensive income (loss):					
Foreign currency translation adjustments	—	—	—	—	—
Income tax benefit	—	—	—	—	—
Total other comprehensive income (loss)	—	—	—	—	—
Comprehensive income (loss)	(560)	7,431	(4,570)	(3,103)	(802)
Comprehensive loss attributable to noncontrolling interest in subsidiary	—	—	242	—	242
Comprehensive income (loss) attributable to Era Group Inc.	$ (560)	$ 7,431	$ (4,328)	$ (3,103)	$ (560)

Supplemental Condensed Consolidating Statements of Comprehensive Income for the Three Months Ended September 30, 2015

	Parent	Guarantors	Non-guarantors	Eliminations	Consolidated
			(in thousands)		
Net income (loss)	$ 861	$ 2,951	$ (309)	$ (2,850)	$ 653
Other comprehensive loss:					
Foreign currency translation adjustments	—	(1)	137	—	136
Income tax benefit	—	—	—	—	—
Total other comprehensive loss	—	(1)	137	—	136
Comprehensive income (loss)	861	2,950	(172)	(2,850)	789
Comprehensive income attributable to noncontrolling interest in subsidiary	—	49	159	—	208
Comprehensive income (loss) attributable to Era Group Inc.	$ 861	$ 2,999	$ (13)	$ (2,850)	$ 997

Supplemental Condensed Consolidating Statements of Comprehensive Income for the Nine Months Ended September 30, 2016

	Parent	Guarantors	Non-guarantors	Eliminations	Consolidated
			(in thousands)		
Net income (loss)	$ (2,440)	$ 14,848	$ (12,611)	$ (9,059)	$ (9,262)
Other comprehensive loss:					
Foreign currency translation adjustments	—	—	—	—	—
Income tax benefit	—	—	—	—	—
Total other comprehensive loss	—	—	—	—	—
Comprehensive income (loss)	(2,440)	14,848	(12,611)	(9,059)	(9,262)
Comprehensive loss attributable to noncontrolling interest in subsidiary	—	6,349	473	—	6,822
Comprehensive income (loss) attributable to Era Group Inc.	$ (2,440)	$ 21,197	$ (12,138)	$ (9,059)	$ (2,440)

Supplemental Condensed Consolidating Statements of Comprehensive Income for the Nine Months Ended September 30, 2015

	Parent	Guarantors	Non-guarantors	Eliminations	Consolidated
			(in thousands)		
Net income (loss)	$ 12,152	$ 13,970	$ (2,467)	$ (12,136)	$ 11,519
Other comprehensive loss:					
Foreign currency translation adjustments	—	(4)	—	—	(4)
Income tax benefit	—	1	—	—	1
Total other comprehensive loss	—	(3)	—	—	(3)
Comprehensive income (loss)	12,152	13,967	(2,467)	(12,136)	11,516
Comprehensive loss attributable to noncontrolling interest in subsidiary	—	376	257	—	633
Comprehensive income (loss) attributable to Era Group Inc.	$ 12,152	$ 14,343	$ (2,210)	$ (12,136)	$ 12,149

Supplemental Condensed Consolidating Statements of Cash Flows for the Nine Months Ended September 30, 2016

	Parent	Guarantors	Non-guarantors	Eliminations	Consolidated
			(in thousands)		
Net cash provided by (used in) operating activities	$ 21,127	$ 26,296	$ (940)	$ —	$ 46,483
Cash flows from investing activities:					
Purchases of property and equipment	—	(10,537)	(175)	—	(10,712)
Proceeds from disposition of property and equipment	—	5,910	228	—	6,138
Return of helicopter deposit	—	544	—	—	544
Principal payments on notes due from equity investees	—	539	—	—	539
Principal payments on third party notes receivable	—	212	—	—	212
Net cash provided by (used in) investing activities	—	(3,332)	53	—	(3,279)
Cash flows from financing activities:					
Payments on long-term debt	—	(1,386)	(1,152)	(27,000)	(29,538)
Proceeds from Revolving Credit Facility	—	—	—	7,000	7,000
Extinguishment of long-term debt	—	—	—	(4,331)	(4,331)
Proceeds from share award plans	—	—	—	836	836
Purchase of treasury shares	—	—	—	(161)	(161)
Borrowings and repayments of intercompany debt	—	(23,656)	—	23,656	—
Net cash used in financing activities	—	(25,042)	(1,152)	—	(26,194)
Effects of exchange rate changes on cash and cash equivalents	—	346	418	—	764
Net increase (decrease) in cash and cash equivalents	21,127	(1,732)	(1,621)	—	17,774
Cash and cash equivalents, beginning of period	7,565	3,334	3,471	—	14,370
Cash and cash equivalents, end of period	$ 28,692	$ 1,602	$ 1,850	$ —	$ 32,144

Supplemental Condensed Consolidating Statements of Cash Flows for the Nine Months Ended September 30, 2015

	Parent	Guarantors	Non-guarantors	Eliminations	Consolidated
			(in thousands)		
Net cash provided by (used in) operating activities	$ (5,604)	$ 25,718	$ 15,729	$ —	$ 35,843
Cash flows from investing activities:					
Purchases of property and equipment	—	(47,257)	(11,773)	11,770	(47,260)
Proceeds from disposition of property and equipment	—	32,401	—	(11,770)	20,631
Cash settlements on forward contracts, net	—	—	—	(1,103)	(1,103)
Business acquisitions, net of cash acquired	—	—	(3,165)	—	(3,165)
Proceeds from sale of FBO	—	—	—	14,252	14,252
Principal payments on notes due from equity investees	—	514	—	—	514
Principal payments on third party notes receivable	—	25	—	—	25
Escrow deposits, net	—	(150)	—	(190)	(340)
Escrow deposits on like-kind exchanges, net	—	(1,857)	—	—	(1,857)
Borrowings and repayments of intercompany debt	—	12,959	—	(12,959)	—
Net cash used in investing activities	—	(3,365)	(14,938)	—	(18,303)
Cash flows from financing activities:					
Payments on long-term debt	—	(2,091)	(58)	(50,000)	(52,149)
Proceeds from Revolving Credit Facility	—	—	—	35,000	35,000
Extinguishment of long-term debt	—	—	—	(24,335)	(24,335)
Proceeds from share award plans	—	—	—	1,096	1,096
Purchase of treasury shares	—	—	—	(2,069)	(2,069)
Tax expense on vested restricted stock	—	—	—	(114)	(114)
Borrowings and repayments of intercompany debt	—	(40,422)	—	40,422	—
Net cash used in financing activities	—	(42,513)	(58)	—	(42,571)
Effects of exchange rate changes on cash and cash equivalents	—	(2,028)	—	—	(2,028)
Net increase (decrease) in cash and cash equivalents	(5,604)	(22,188)	733	—	(27,059)
Cash and cash equivalents, beginning of period	16,481	22,188	2,198	—	40,867
Cash and cash equivalents, end of period	$ 10,877	$ —	$ 2,931	$ —	$ 13,808

14. SUBSEQUENT EVENTS

On October 27, 2016, Era Group entered into a Consent and Amendment No. 3 to Amended and Restated Senior Secured Revolving Credit Facility Agreement to its Revolving Credit Facility that, among other things, (a) reduced the aggregate principal amount of revolving loan commitments from $300.0 million to $200.0 million, (b) replaced the total leverage ratio maintenance covenant with a senior secured leverage ratio maintenance covenant defined as the ratio of senior secured debt as of the date of determination to EBITDA for the most recently ended four consecutive fiscal quarters, which ratio may not be greater than 3.00:1.00 for each fiscal quarter ending during the period from September 30, 2016 to March 31, 2017, 3.25:1.00 for the fiscal quarter ending June 30, 2017 and 3.50:1.00 for each fiscal quarter ending thereafter, (c) revised the definition of EBITDA to permit an add-back for non-cash charges and expenses and limit the add-back for cash proceeds received from the sale of assets during the applicable test period to $20 million (provided that, when calculating EBITDA for the purposes of determining the applicable margin under the Revolving Credit Facility, all cash proceeds may be added back), (d) reduced the minimum interest coverage ratio to 1.75:1.00 for each fiscal quarter ending during the period from September 30, 2016 to September 30, 2017 and 1.50:1:00 for each fiscal quarter ending thereafter, (e) increased the minimum asset coverage ratio with respect to the fair market value of our mortgaged helicopters and secured accounts receivable and inventory to 2.00:1.00 and replaced the denominator of total funded debt with committed secured debt, excluding the Company’s promissory notes, (f) included the requirement that we comply with a total leverage ratio of 5.00:1.00 when incurring certain indebtedness or completing acquisitions and (g) added the requirements that the consolidated cash and cash equivalents of the loan parties under the Revolving Credit Facility after giving effect to any advance or letter of credit issuance cannot exceed $40.0 million (excluding cash proceeds from asset sales and equity issuances, cash required for certain capital expenditures and other customary carve-outs, among other items) and any such excess cash and cash equivalents must be applied to repay any outstanding borrowing under the Revolving Credit Facility. For purposes of determining the minimum interest coverage ratio, the add-back for asset sale proceeds is excluded from the EBITDA calculation.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Management's Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with the accompanying unaudited consolidated financial statements as of September 30, 2016 and for the three and nine months ended September 30, 2016 and 2015, included elsewhere herein, and with our annual report on Form 10-K/A for the year ended December 31, 2015.

Forward-Looking Statements

This Quarterly Report on Form 10-Q includes "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Such forward-looking statements concerning management's expectations, strategic objectives, business prospects, anticipated performance and financial condition and other similar matters involve known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements of results to differ materially from any future results, performance or achievements discussed or implied by such forward-looking statements. Such risks, uncertainties and other important factors include, among others:

- *the Company's dependence on, and the cyclical and volatile nature of, offshore oil and gas exploration, development and production activity, and the impact of general economic conditions and fluctuations in worldwide prices of and demand for oil and natural gas on such activity levels;*
- *the Company's reliance on a small number of customers and the reduction of its customer base resulting from consolidation;*
- *cost savings initiatives implemented by the Company's customers;*
- *risks inherent in operating helicopters;*
- *the Company's ability to maintain an acceptable safety record;*
- *the Company's ability to successfully expand into other geographic and helicopter service markets;*
- *the impact of increased United States ("U.S.") and foreign government regulation and legislation, including potential government implemented moratoriums on drilling activities;*
- *risks of engaging in competitive processes or expending significant resources, with no guaranty of recoupment;*
- *risks of a grounding of all or a portion of the Company's fleet for extended periods of time or indefinitely;*
- *risks that the Company's customers reduce or cancel contracted services or tender processes;*
- *the Company's reliance on a small number of helicopter manufacturers and suppliers;*
- *risks associated with political instability, governmental action, war, acts of terrorism and changes in the economic condition in any foreign country where the Company does business, which may result in expropriation, nationalization, confiscation or deprivation of the Company's assets or result in claims of a force majeure situation;*
- *the impact of declines in the global economy and financial markets;*
- *the impact of fluctuations in foreign currency exchange rates on the Company's cost to purchase helicopters, spare parts and related services and on asset values;*
- *the Company's credit risk exposure;*
- *the Company's ongoing need to replace aging helicopters;*
- *the Company's reliance on the secondary helicopter market to dispose of older helicopters and related equipment;*
- *the Company's reliance on information technology;*
- *the impact of allocation of risk between the Company and its customers;*
- *the liability, legal fees and costs in connection with providing emergency response services;*
- *risks associated with the Company's debt structure;*
- *the impact of operational and financial difficulties of the Company's joint ventures and partners;*
- *conflict with the other owners of the Company's non-wholly owned subsidiaries and other equity investees;*
- *adverse results of legal proceedings;*
- *adverse weather conditions and seasonality;*
- *the Company's ability to obtain insurance coverage and the adequacy and availability of such coverage;*
- *the possibility of labor*

problems;

- *the attraction and retention of qualified personnel;*
- *restrictions on the amount of foreign ownership of the Company's common stock; and*
- *various other matters and factors, many of which are beyond the Company's control.*

It is not possible to predict or identify all such factors. Consequently, the foregoing should not be considered a complete discussion of all potential risks or uncertainties. The words "estimate," "project," "intend," "believe," "plan" and similar expressions are intended to identify forward-looking statements. Forward-looking statements speak only as of the date of the *document in which they are made. The Company disclaims any obligation or undertaking to provide any updates or revisions to any forward-looking statement to reflect any change in the Company's expectations or any change in events, conditions or circumstances on which the forward-looking statement is based. The forward-looking statements in this Quarterly Report on Form 10-Q should be evaluated together with the many uncertainties and risks that affect the Company's businesses, particularly those discussed in greater detail elsewhere herein and in Part I, Item 1A, "Risk Factors" of Era Group's Annual Report on Form 10-K/A for the year ended December 31, 2015 and Era Group's subsequent Quarterly Reports on Form 10-Q and periodic reporting on Form 8-K (if any).*

Overview

We are one of the largest helicopter operators in the world and the longest serving helicopter transport operator in the U.S., which is our primary area of operations. Our helicopters are primarily used to transport personnel to, from and between offshore oil and gas production platforms, drilling rigs and other installations. In addition to serving the oil and gas industry, we provide search and rescue, air medical services, utility services and Alaska flightseeing tours, among other activities. We also provide helicopters and related services to third-party helicopter operators. We currently have customers in the U.S., Argentina, Brazil, Colombia, the Dominican Republic, India, Suriname and the United Kingdom.

We charter the majority of our helicopters through master service agreements, subscription agreements, long-term contracts, day-to-day charter arrangements and dry-leases. Master service agreements and subscription agreements typically require a fixed monthly fee plus incremental payments based on hours flown. These agreements have fixed terms ranging from one month to five years and generally may be canceled without penalty upon 30-90 days' notice. Generally, these contracts do not commit our customers to acquire specific amounts of services or minimum flight hours and permit our customers to decrease the number of helicopters under contract with a corresponding decrease in the fixed monthly payments without penalty. Day-to-day charter arrangements call for either a combination of a daily fixed fee plus a charge based on hours flown or an hourly rate with a minimum number of hours to be charged. Dry-leases require a fixed monthly fee for the customer's right to use the helicopter and, where applicable, a charge based on hours flown as compensation for any maintenance, parts, and/or personnel support that we may provide to the customer. Dry-leases generally run from two to five years but can also be for periods less than one year. Air medical services are provided under contracts with hospitals that typically include a fixed monthly and hourly rate structure. With respect to flightseeing operations, we allocate block space to cruise lines and seats are sold directly to customers.

Certain of our operations are subject to seasonal factors. Operations in the U.S. Gulf of Mexico are often at their highest levels from April to September, as daylight hours increase, and are at their lowest levels from November to February, as daylight hours decrease. Our Alaskan operations also see an increase during May to September, as our firefighting and flightseeing operations occur during this time and daylight hours are significantly longer.

Recent Developments

Competitor Bankruptcy

In May 2016, a global competitor filed for Chapter 11 bankruptcy protection and, to date, has rejected leases resulting in the return to lessors of 71 helicopters, including 34 H225 heavy helicopters (one of which was leased from the Company) and 13 AS332 L2 heavy helicopters. As of October 28, 2016, this competitor has requested court approval to reject additional leases with respect to an incremental 24 helicopters (none of which is leased from us). In addition, this competitor seeks to abandon five helicopters, including four H225 helicopters, that would result in their transfer to the secured lenders. The return by this competitor of the helicopters subject to rejected leases and the transfer of the abandoned helicopters to the secured lenders could potentially increase the available supply of helicopters. These changes in supply could impact helicopter rates and pricing of helicopters in the secondary market. It is too early to estimate the extent of such an impact on us.

Suspension of H225 and AS332 L2 Operations

In April 2016, an Airbus Helicopters H225 (also known as a EC225LP) model helicopter operated by the global competitor referenced above was involved in an accident in Norway. The helicopter was carrying eleven passengers and two crew members at the time of the accident. The accident resulted in thirteen fatalities. The Accident Investigation Board Norway ("AIBN") published preliminary reports that contained findings from the investigation into the accident in May and June 2016. Pursuant to a safety recommendation published by the AIBN, a number of regulatory authorities issued safety directives suspending operations, with limited exceptions, of all Airbus H225 and AS332 L2 model helicopters registered in their jurisdictions, and a number of customers and operators voluntarily suspended operations of those two helicopter models. On October 7, 2016, the European Aviation Safety Agency issued an Airworthiness Directive which provides for additional maintenance and inspection requirements to allow these helicotpers to return to service. It is unknown at this time if other jurisdictions such as Norway, the United Kingdom and the U.S. will allow the aircraft to return to service. As of October 28, 2016, we believe there are no H225 or AS332 L2 helicopters operating in offshore oil and gas missions.

We own nine H225 helicopters, including five that are currently located in the U.S., three that are currently located in Brazil and one that was operating in Norway under a lease that was rejected in the Chapter 11 bankruptcy case referenced above.

As of September 30, 2016, the net book value of our H225 helicopters and related inventory of parts and equipment was $162.4 million. During this suspension of H225 helicopter operations, we expect to utilize other heavy and medium helicopters to service our operations. Although we do not expect the near-term impact of the suspension to be material to our financial condition or results of operations, at this time we cannot anticipate how long the suspension of H225 helicopter operations will last, the market receptivity of the H225 helicopter for future oil and gas operations, the potential impact on residual values of these helicopters and the impact a long-term suspension could have on our operating results or financial condition.

Fleet Update

The current excess capacity of our medium and heavy helicopters is higher than in the period preceding the current market downturn, which commenced in the latter part of 2014. Our fleet's excess helicopters include those that are not otherwise under customer contracts, undergoing maintenance, dedicated for charter activity or models subject to operational suspension. Although we take actions to minimize excess capacity, we expect a certain level of excess capacity at any given time in an aviation logistics business as a result of the evolving nature of customers' needs. Our operating revenues have been negatively impacted as a result of the higher excess capacity, which began during the fourth quarter of 2014, increased throughout 2015 and persists in 2016 primarily as a result of the significant decline in oil and natural gas prices and the related reduction in oil and gas exploration and production activity. Through fleet management initiatives, participation in competitive bids and pursuit of additional opportunities, we are focused on maximizing the utilization of our fleet and reducing the excess capacity in our medium and heavy helicopters. If we are not successful in securing sufficient new projects, we may experience a decline in the near-term utilization of our medium and heavy helicopters which may impact our financial results in 2016 and thereafter.

As of September 30, 2016, we had unfunded capital commitments consisting primarily of agreements to purchase helicopters totaling $150.3 million, including seven AW189 heavy helicopters, two S92 heavy helicopters and five AW169 light twin helicopters. The AW189 and S92 helicopters are scheduled to be delivered in 2016 through 2018. Delivery dates for the AW169 helicopters have yet to be determined. In addition, we have outstanding options to purchase up to ten additional AW189 helicopters. If these options are exercised, the helicopters would be scheduled for delivery beginning in 2017 through 2018. Approximately $107.7 million of these commitments (inclusive of deposits paid on options not yet exercised) may be terminated without further liability other than aggregate liquidated damages of $2.5 million.

We took delivery of one AW189 helicopter in October 2016 and, pursuant to a contractual agreement, expect to take delivery of another AW189 helicopter during the fourth quarter of 2016. After giving effect to these deliveries, our remaining agreements to purchase AW189 helicopters are reduced from seven to five helicopters. We sold two medium helicopters in October and, pursuant to a contractual agreement, expect to sell another medium helicopter during the fourth quarter of 2016.

Results of Operations

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2016		2015		2016		2015	
	(in thousands)	%	(in thousands)	%	(in thousands)	%	(in thousands)	%
Operating Revenues:								
United States	$ 45,036	69	$ 57,879	83	133,432	70	171,796	83
Foreign	19,970	31	11,862	17	57,507	30	36,098	17
Total operating revenues	65,006	100	69,741	100	190,939	100	207,894	100
Costs and Expenses:								
Operating:								
Personnel	17,810	27	16,382	24	53,662	28	49,693	24
Repairs and maintenance	6,938	11	14,732	21	35,767	19	40,304	19
Insurance and loss reserves	1,588	2	1,321	2	4,659	2	5,445	3
Fuel	4,077	6	3,174	5	10,117	5	9,573	5
Leased-in equipment	355	1	234	—	875	1	726	—
Other	9,603	15	7,164	10	26,994	14	20,655	10
Total operating expenses	40,371	62	43,007	62	132,074	69	126,396	61
Administrative and general	9,504	15	11,238	16	26,871	14	31,760	15
Depreciation and amortization	12,519	19	12,186	18	37,976	20	35,186	17
Total costs and expenses	62,394	96	66,431	96	196,921	103	193,342	93
Gains (losses) on asset dispositions, net	(246)	—	1,813	3	4,034	2	4,959	2
Operating income (loss)	2,366	4	5,123	7	(1,948)	(1)	19,511	9
Other income (expense):								
Interest income	466	1	232	—	1,170	1	800	—
Interest expense	(4,003)	(6)	(3,121)	(4)	(12,881)	(7)	(9,547)	(4)
Derivative gains (losses), net	—	—	8	—	—	—	(14)	—
Foreign currency gains (losses), net	(33)	—	146	—	577	—	(2,271)	(1)
Gain (loss) on debt extinguishment	—	—	(16)	—	518	—	248	—
Gain on sale of FBO	—	—	—	—	—	—	12,946	6
Other, net	34	—	—	—	63	—	(9)	—
Total other income (expense)	(3,536)	(5)	(2,751)	(4)	(10,553)	(6)	2,153	1
Income (loss) before income taxes and equity earnings	(1,170)	(1)	2,372	3	(12,501)	(7)	21,664	10
Income tax expense (benefit)	69	—	1,343	2	(2,177)	(1)	9,426	5
Income (loss) before equity earnings	(1,239)	(1)	1,029	1	(10,324)	(6)	12,238	5
Equity earnings (losses), net of tax	437	1	(376)	(1)	1,062	1	(719)	—
Net income (loss)	(802)	—	653	—	(9,262)	(5)	11,519	5
Net loss attributable to noncontrolling interest in subsidiary	242	—	208	—	6,822	4	633	—
Net income (loss) attributable to Era Group Inc.	$ (560)	—	$ 861	—	$ (2,440)	(1)	$ 12,152	5

Operating Revenues by Service Line. The table below sets forth the operating revenues earned by service line for the three and nine months ended September 30, 2016 and 2015.

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2016		2015		2016		2015	
	(in thousands)	%	(in thousands)	%	(in thousands)	%	(in thousands)	%
Operating revenues:								
Oil and gas: [(1)]								
U.S. Gulf of Mexico	$ 33,638	52	$ 42,132	60	103,762	55	125,866	61
Alaska	2,323	3	5,429	8	4,528	2	15,239	7
International	17,306	27	60	—	48,208	25	107	—
Total oil and gas	53,267	82	47,621	68	156,498	82	141,212	68
Dry-leasing	2,664	4	11,925	17	9,486	5	36,114	18
Search and rescue	3,877	6	4,418	6	13,358	7	14,645	7
Air medical services	1,977	3	1,854	3	5,882	3	6,135	3
Flightseeing	3,221	5	3,923	6	5,715	3	7,041	3
Fixed base operations (“FBO”)	—	—	—	—	—	—	2,760	1
Eliminations	—	—	—	—	—	—	(13)	—
	$ 65,006	100	$ 69,741	100	190,939	100	207,894	100

(1) Primarily oil and gas services, but also includes revenues from activities such as firefighting, utility support and unmanned aerial solutions.

Current Quarter compared to Prior Year Quarter

Operating Revenues. Operating revenues were $4.7 million lower in the three months ended September 30, 2016 (the "Current Quarter") compared to the three months ended September 30, 2015 (the "Prior Year Quarter").

Operating revenues from oil and gas operations in the U.S. Gulf of Mexico were $8.5 million lower in the Current Quarter. Operating revenues from medium and heavy helicopters were $4.1 million and $2.0 million lower, respectively, primarily due to lower utilization and lower average rates. Operating revenues from light twin and single engine helicopters were $1.6 million lower and $0.5 million lower, respectively, primarily due to lower utilization. Miscellaneous revenues were $0.3 million lower primarily due to fewer part sales.

Operating revenues from operations in Alaska were $3.1 million lower in the Current Quarter. Operating revenues from medium helicopters were $2.8 million lower due to lower utilization. Operating revenues from single engine helicopters were $0.2 million lower due to reduced fleet count. Miscellaneous revenues were $0.6 million lower due to reduced rebillable expenses. Operating revenues from light twin helicopters were $0.6 million higher due to higher utilization.

Operating revenues from international oil and gas operations were $17.2 million higher in the Current Quarter. International revenues increased by $15.2 million due to the consolidation of our Brazilian subsidiary, Aeróleo Taxi Aero S/A ("Aeróleo"), which was effective October 1, 2015, by $1.9 million due to new contracts in Suriname and by $0.1 million due to higher utilization in Colombia.

Revenues from dry-leasing activities were $9.3 million lower in the Current Quarter. Dry-leasing revenues decreased by $7.3 million due to the consolidation of Aeróleo, by $1.7 million due to contracts that ended subsequent to the Prior Year Quarter and by $0.9 million due to the bankruptcy of a customer. These decreases were partially offset by $0.3 million of revenue from a new, short-term lease and $0.3 million primarily due to increased part sales.

Operating revenues from search and rescue (“SAR”) activities were $0.5 million lower in the Current Quarter primarily due to fewer subscribers.

Operating revenues from air medical services were $0.1 million higher in the Current Quarter primarily due to increased part sales.

Operating revenues from flightseeing activities were $0.7 million lower in the Current Quarter primarily due to unfavorable weather conditions which led to an increased number of weather cancellations and an earlier end to the flightseeing season.

Operating Expenses. Operating expenses were $2.6 million lower in the Current Quarter. Repairs and maintenance expenses were $7.8 million lower due to credits of $5.7 million resulting from the removal of our H225 heavy helicopters from power-by-the-hour ("PBH") programs, an additional reduction in PBH expense of $1.5 million resulting from reduced flight hours and a decrease of $1.9 million due to the timing of repairs, partially offset by an increase of $1.3 million due to the absence of the benefit from certain vendor credits received in the Prior Year Quarter. Personnel costs were $1.4 million higher primarily due to an increase of $3.0 million resulting from the consolidation of Aeroleo, partially offset by a decrease of $1.6 million resulting from reduced headcount in the U.S. Fuel expense was $0.9 million higher primarily due to an increase of $1.9 million resulting from the consolidation of Aeróleo, partially offset by a decrease of $1.1 million resulting from reduced flight hours and average fuel cost in the U.S. Insurance and loss reserves were $0.3 million higher primarily due to the absence of the benefit from credits received in the Prior Year Quarter. Other operating expenses were $2.4 million higher primarily due to $3.3 million of costs resulting from the consolidation of Aeróleo, partially offset by a reduction of $0.8 million in the U.S.

Administrative and General. Administrative and general expenses were $1.7 million lower in the Current Quarter. Compensation expenses were $0.8 million lower due to a $1.5 million decrease related to reduced headcount and incentive compensation in the U.S., partially offset by an increase of $0.6 million resulting from the consolidation of Aeróleo. Professional service expenses were $0.8 million lower.

Depreciation and Amortization. Depreciation and amortization expense was $0.3 million higher in the Current Quarter due to the addition of new heavy helicopters in the fourth quarter of 2015, which more than offset reductions related to the sale of certain medium and light helicopters.

Gains (Losses) on Asset Dispositions, Net. In the Current Quarter, we sold or otherwise disposed of one helicopter and related equipment for proceeds of $0.2 million resulting in losses of $0.2 million. In the Prior Year Quarter, we sold or otherwise disposed of four helicopters for proceeds of $8.9 million resulting in gains of $0.5 million. In addition, we recognized gains of $0.6 million related to the early buy-out of two helicopter leases by a customer and $0.7 million related to other equipment sales.

Operating Income. Operating income as a percentage of revenues was 4% in the Current Quarter compared to 7% in the Prior Year Quarter. Excluding gains (losses) on asset dispositions, operating income as a percentage of revenues was 4% in the Current Quarter compared to 5% in the Prior Year Quarter. The decrease in operating income as a percentage of revenues was primarily due to the decrease in oil and gas revenues in the U.S. and the increase in depreciation and amortization expense.

Interest Expense. Interest expense was $0.9 million higher in the Current Quarter primarily due to decreased capitalized interest on helicopter deposits of $1.8 million, partially offset by savings of $0.6 million due to the cumulative repurchases of our 7.750% senior unsecured notes due 2022 (the “7.750% Senior Notes”) subsequent to the Prior Year Quarter and $0.2 million due to reduced balances on our Revolving Credit Facility.

Income Tax Expense. Income tax expense was $1.3 million lower in the Current Quarter primarily due to lower taxable income.

Equity Earnings (Losses), Net of Tax. Equity earnings, net of tax, were $0.4 million in the Current Quarter compared to losses of $0.4 million in the Prior Year Quarter. The increase in equity earnings was primarily due to earnings from our Dart Holding Company Ltd. (“Dart”) joint venture in the Current Quarter.

Current Nine Months compared to Prior Nine Months

Operating Revenues. Operating revenues were $17.0 million lower in the nine months ended September 30, 2016 (the "Current Nine Months") compared to the nine months ended September 30, 2015 (the "Prior Nine Months").

Operating revenues from oil and gas operations in the U.S. Gulf of Mexico were $22.1 million lower in the Current Nine Months. Operating revenues from medium, light twin and single engine helicopters were $12.9 million, $1.8 million and $1.1 million lower, respectively, primarily due to lower utilization. Operating revenues from heavy helicopters were $5.8 million lower primarily due to lower utilization and lower average rates. Miscellaneous revenues were $0.3 million lower primarily due to fewer part sales.

Operating revenues from oil and gas operations in Alaska were $10.7 million lower in the Current Nine Months. Operating revenues from medium, light twin and single engine helicopters were $8.0 million, $0.9 million and $0.4 million lower, respectively, primarily due to lower utilization. Miscellaneous revenues were $1.3 million lower due to reduced rebillable expenses.

Operating revenues from international oil and gas operations were $48.1 million higher in the Current Nine Months. International revenues increased by $44.2 million due to the consolidation of Aeróleo, by $3.5 million due to new contracts in Suriname and by $0.4 million due to higher utilization in Colombia.

Revenues from dry-leasing activities were $26.6 million lower in the Current Nine Months. Dry-leasing revenues decreased by $21.4 million due to the consolidation of Aeróleo, by $4.5 million due to contracts that ended subsequent to the Prior Nine Months and by $1.5 million due to the bankruptcy of a customer. These decreases were partially offset by an increase of $0.5 million primarily due to increased part sales and $0.3 million due to a new, short-term lease.

Operating revenues from SAR activities were $1.3 million lower in the Current Nine Months primarily due to fewer subscribers.

Operating revenues from air medical services were $0.3 million lower in the Current Nine Months primarily due to a $0.7 million decrease as a result of a contract that ended in March 2015, partially offset by a $0.5 million increase due to part sales.

Operating revenues from flightseeing activities were $1.3 million lower in the Current Nine Months primarily due to unfavorable weather conditions which led to a shorter flightseeing season and increased flight cancellations.

Operating revenues from our fixed base operations ("FBO") were $2.7 million lower in the Current Nine Months due to the sale of the FBO on May 1, 2015.

Operating Expenses. Operating expenses were $5.7 million higher in the Current Nine Months. Personnel costs were $4.0 million higher primarily due to an increase of $9.3 million resulting from the consolidation of Aeróleo, partially offset by a decrease of $5.3 million resulting from reduced headcount and cost-control initiatives in the U.S. Repairs and maintenance expenses were $4.5 million lower due to a net increase of $4.5 million in PBH buyout credits and a $1.5 million decrease in PBH expense resulting from reduced flight hours, partially offset by net decreases of $1.5 million in other vendor credits. Other operating expenses were $6.3 million higher primarily due to $10.0 million of costs resulting from the consolidation of Aeróleo, partially offset by a reduction of $3.4 million in the U.S.

Administrative and General. Administrative and general expenses were $4.9 million lower in the Current Nine Months. Compensation expenses were $2.4 million lower due to a $4.3 million decrease resulting from reduced headcount and incentive compensation in the U.S., partially offset by an increase of $1.8 million resulting from the consolidation of Aeróleo. Professional service expenses and communication expenses were $0.8 million and $0.5 million lower, respectively, due to reductions of $1.5 million and $0.7 million, respectively, in the U.S., partially offset by an aggregate increase of $0.9 million due to the consolidation of Aeróleo. Shared service expenses were $0.6 million lower due to the end of the Amended and Restated Transition Services Agreement with SEACOR. Other administrative and general expenses were $0.5 million lower primarily due to a $0.8 million recovery of a previously reserved receivable, partially offset by additional bad debt reserves of $0.3 million in the Current Nine Months.

Depreciation and Amortization. Depreciation and amortization expense was $2.8 million higher in the Current Nine Months due to the addition of new heavy helicopters, a base expansion project and additional information technology infrastructure required as a result of the transition of related services from SEACOR.

Gains (Losses) on Asset Dispositions, Net. Gains on asset dispositions were $0.9 million lower in the Current Nine Months. During the Current Nine Months, we sold or otherwise disposed of a hangar in Alaska, five helicopters and related equipment for total proceeds of $6.1 million resulting in net gains of $4.0 million. During the Prior Nine Months, we sold 14 helicopters and related equipment for total proceeds of $20.6 million resulting in net gains of $5.0 million, including $0.6 million related to the early buy-out of two helicopter leases by a customer.

Operating Income (Loss). Operating loss as a percentage of revenues was 1% in the Current Nine Months compared to operating income of 9% in the Prior Nine Months. Excluding gains on asset sales, operating loss as a percentage of revenues was 3% in the Current Nine Months compared to operating income of 7% in the Prior Nine Months. The decrease in operating income as a percentage of revenues was driven primarily by reduced oil and gas revenues in the U.S., the consolidation of Aeróleo and increased depreciation due to assets, including helicopters, being placed in service.

Interest Income. Interest income was $0.4 million higher in the Current Nine Months due to an increase of $0.8 million resulting from the consolidation of Aeróleo, partially offset by a reduction of $0.4 million resulting from the early buy-out of helicopter leases by a customer.

Interest Expense. Interest expense was $3.3 million higher in the Current Nine Months primarily due to decreased capitalized interest of $5.6 million, partially offset by savings of $2.3 million due to the cumulative repurchases of our 7.750% Senior Notes.

Gain on Debt Extinguishment. Gains on debt extinguishment were $0.5 million in the Current Nine Months due to the repurchase of $5.0 million of our 7.750% Senior Notes. Gains on debt extinguishment were $0.2 million in the Prior Nine Months due to the repurchase of $24.9 million of our 7.750% Senior Notes.

Foreign Currency Gains (Losses), net. Foreign currency gains were $0.6 million in the Current Nine Months primarily due to the strengthening of the Brazilian real resulting in gains on our real-denominated balances. Foreign currency losses were $2.3 million in the Prior Nine Months primarily due to the strengthening of the U.S. dollar resulting in losses on our euro-denominated balances and realized losses on settled forward currency contracts.

Gain on Sale of FBO. The sale of the FBO in the Prior Nine Months resulted in cash proceeds of $14.3 million and a pre-tax gain of $12.9 million.

Income Tax Expense (Benefit). Income tax benefit was $2.2 million in the Current Nine Months compared to expense of $9.4 million in the Prior Nine Months. The decrease in expense is primarily due to lower taxable income in the Current Nine Months and a nonrecurring charge to deferred taxes resulting from the acquisition of Hauser Investments Limited in the Prior Nine Months.

Equity Earnings (Losses), Net of Tax. Equity earnings, net of tax, were $1.1 million in the Current Nine Months compared to losses of $0.7 million in the Prior Nine Months. The increase in equity earnings was primarily due to increased earnings from our Dart joint venture in the Current Nine Months.

Net Loss Attributable to Noncontrolling Interest in Subsidiary. During the Current Nine Months, we and our partner in Aeróleo each contributed notes payable to each of us by Aeróleo as a contribution of additional capital into Aeróleo. As a result of this transaction, we reduced total debt by the $6.3 million of notes that were contributed by our partner in Aeróleo and recorded a $6.3 million loss attributable to noncontrolling interest in subsidiary.

Fleet Count

The following shows details of our helicopter fleet as of September 30, 2016.

	Owned	Leased-in	Managed	Total	Max. Pass.(1)	Cruise Speed (mph)	Approx. Range (miles)	Average Age(2) (years)
Heavy:								
H225	9	—	—	9	19	162	582	6
S92	2	—	—	2	19	175	620	1
AW189	2	—	—	2	16	173	490	1
	13	—	—	13				
Medium:								
AW139	38	—	—	38	12	173	426	7
S76 C+/C++	5	—	1	6	12	161	348	10
B212	7	—	—	7	11	115	299	37
B412	1	—	—	1	11	138	352	35
	51	—	1	52				
Light—twin engine:								
A109	7	—	—	7	7	161	405	10
EC135	14	2	1	17	7	138	288	8
EC145	3	—	2	5	9	150	336	8
BK117	—	2	1	3	9	150	336	N/A
BO105	3	—	—	3	4	138	276	27
	27	4	4	35				
Light—single engine:								
A119	14	—	—	14	7	161	270	10
AS350	27	—	—	27	5	138	361	20
	41	—	—	41				
Total Fleet	132	4	5	141				12

(1) In typical configuration for our operations.

(2) Reflects the average age of helicopters that are owned by us.

Liquidity and Capital Resources

General

Our ongoing liquidity requirements arise primarily from working capital needs, meeting our capital commitments (including the purchase of helicopters and other equipment) and the repayment of debt obligations. In addition, we may use our liquidity to fund acquisitions, repurchase shares or debt securities or make other investments. Sources of liquidity are cash balances and cash flows from operations and, from time to time, we may obtain additional liquidity through the issuance of equity or debt or through borrowings under the Consent and Amendment No. 3 to Amended and Restated Senior Secured Revolving Credit Facility (the "Revolving Credit Facility"). For more information on recent amendments to our Revolving Credit Facility, see more information below and in Note 14 of the Notes to Condensed Consolidated Financial Statements.

As of September 30, 2016, we had unfunded capital commitments of $150.3 million, consisting primarily of agreements to purchase helicopters, including seven AW189 heavy helicopters, two S92 heavy helicopters and five AW169 light twin helicopters. The AW189 and S92 helicopters are scheduled to be delivered in 2016 through 2018. Delivery dates for the AW169 helicopters have yet to be determined. Of these commitments, $35.6 million are payable in 2016, with the remaining commitments payable through 2018, and $107.7 million of the commitments (inclusive of deposits paid on options not yet exercised) may be terminated without further liability to us other than aggregate liquidated damages of $2.5 million. In addition, we had outstanding options to purchase up to ten additional AW189 helicopters. If these options are exercised, the helicopters would be scheduled for delivery beginning in 2017 through 2018.

We took delivery of one AW189 helicopter in October 2016 and, pursuant to a contractual agreement, expect to take delivery of another AW189 helicopter during the fourth quarter of 2016. After giving effect to these deliveries, our remaining agreements to purchase AW189 helicopters are reduced from seven to five helicopters. We sold two medium helicopters in October and, pursuant to a contractual agreement, expect to sell another medium helicopter during the fourth quarter of 2016.

We expect to finance the remaining acquisition costs for these helicopters through a combination of cash on hand, cash provided by operating activities, asset sales and borrowings under our Revolving Credit Facility.

Summary of Cash Flows

	Nine Months Ended September 30,	
	2016	**2015**
	(in thousands)	
Cash flows provided by or (used in):		
Operating activities	$ 46,483	$ 35,843
Investing activities	(3,279)	(18,303)
Financing activities	(26,194)	(42,571)
Effect of exchange rate changes on cash and cash equivalents	764	(2,028)
Net increase (decrease) in cash and cash equivalents	$ 17,774	$ (27,059)

Operating Activities

Cash flows provided by operating activities increased by $10.6 million in the Current Nine Months compared to the Prior Nine Months. The components of cash flows provided by operating activities during the Current Nine Months and Prior Nine Months were as follows (in thousands):

	Nine Months Ended September 30,	
	2016	**2015**
Operating income before depreciation and gains on asset dispositions, net	$ 31,994	$ 49,738
Changes in operating assets and liabilities before interest and income taxes	12,791	(6,152)
Interest paid, net of capitalized interest of $0 and $5,443 in 2016 and 2015, respectively	(8,847)	(5,540)
Income taxes refunded (paid)	5,974	(5,990)
Other	4,571	3,787
Total cash flows provided by operating activities	$ 46,483	$ 35,843

Operating income before depreciation and gains on asset dispositions, net was $17.7 million lower in the Current Nine Months compared to the Prior Nine Months primarily due to a decrease in operating revenues of $17.0 million and an increase in operating expenses of $5.7 million, partially offset by a decrease in administrative and general expenses of $4.9 million. See "Results of Operations" above for an explanation of the primary causes of these variances.

During the Current Nine Months, changes in operating assets and liabilities before interest and income taxes provided cash flows of $12.8 million primarily due to a decrease in receivables and prepaid expenses and other assets. During the Prior Nine Months, changes in operating assets and liabilities before interest and income taxes used cash flows of $6.2 million primarily due to an increase in receivables partially offset by an decrease in prepaid expenses and other assets.

Interest paid, net of capitalized interest, was $3.3 million higher as we ceased capitalizing interest on helicopter deposits in December 2015, partially offset by interest savings due to cumulative repurchases of a portion of our 7.750% Senior Notes.

Non-cash expenses consisted primarily of share-based compensation, which was $0.8 million higher in the Current Nine Months.

Investing Activities

During the Current Nine Months, net cash used in investing activities was $3.3 million primarily as follows:

- Capital expenditures were $10.7 million, which consisted primarily of deposits on future helicopter deliveries and the purchase of spare helicopter parts, equipment and building improvements.
- Proceeds from the disposition of property and equipment were $6.1 million.

- Net principal payments received from equity investees and third parties were $0.8 million.
- Returns of helicopter deposits were $0.5 million.

During the Prior Nine Months, net cash used in investing activities was $18.3 million primarily as follows:

- Capital expenditures were $47.3 million, which consisted primarily of a base expansion project and deposits on future helicopter deliveries.
- Proceeds from the disposition of property and equipment were $20.6 million.
- Proceeds from the sale of the FBO were $14.3 million.
- Cash outflows for business acquisitions, net of cash acquired, were $3.2 million.
- Deposits into escrow accounts, including for like-kind exchanges, were $2.2 million.
- Net cash outflows for the settlement of derivative transactions were $1.1 million.
- Net principal payments received from equity investees and third parties were $0.5 million.

Financing Activities

During the Current Nine Months, net cash used in financing activities was $26.2 million primarily as follows:

- Principal payments on long-term debt were $29.5 million.
- Proceeds from additional borrowings under our Revolving Credit Facility were $7.0 million.
- Cash used for the repurchase of a portion of our 7.750% Senior Notes was $4.3 million.
- Proceeds from share award plans were $0.8 million.
- Cash used for the repurchase of treasury shares was $0.2 million.

During the Prior Nine Months, net cash used in financing activities was $42.6 million primarily as follows:

- Principal payments on long-term debt were $52.1 million.
- Proceeds from additional borrowings under our Revolving Credit Facility were $35.0 million.
- Cash used for the repurchase of a portion of our 7.750% Senior Notes was $24.3 million.
- Cash used for the repurchase of treasury shares was $2.1 million.
- Proceeds from share award plans were $1.1 million.

Amendment to Revolving Credit Facility

As of September 30, 2016, our Revolving Credit Facility provided us with the ability to borrow up to $300.0 million, subject to certain conditions. On October 27, 2016, we entered into the Consent and Amendment No. 3 to our Revolving Credit Facility to, among other things, decrease the total amount that can be borrowed thereunder to $200.0 million, with a sub-limit of up to $50.0 million for letters of credit. The Revolving Credit Facility includes an “accordion” feature which, if exercised and subject to agreement by the lenders and the satisfaction of certain conditions, will increase total commitments by up to $100.0 million. Our availability under the Amended Revolving Credit Facility may be limited by the terms of the 7.750% Senior Notes and certain maintenance covenants specified under the Amended Revolving Credit Facility. As of, and based on our operating results through, September 30, 2016, we have the ability to borrow an additional $124.3 million under the Revolving Credit Facility. After giving effect to the Consent and Amendment No. 3 to the Revolving Credit Facility, we had the ability to borrow an additional $128.8 million under the Revolving Credit Facility.

Senior Notes

On December 7, 2012, we completed an offering of $200.0 million aggregate principal amount of our 7.750% Senior Notes due December 15, 2022. Interest on the notes is payable semi-annually in arrears on June 15 and December 15 of each year. From time to time, we may opportunistically repurchase our 7.750% Senior Notes in open market or privately negotiated transactions on terms we believe to be favorable. During the nine months ended September 30, 2016, we repurchased $5.0 million of the 7.750% Senior Notes for total cash of $4.5 million including accrued interest of $0.2 million. During the nine months ended September 30, 2015, we repurchased $24.9 million of the 7.750% Senior Notes for total cash of $24.3 million including accrued interest of $0.4 million. As of September 30, 2016, $144.8 million in aggregate principal amount of the 7.750% Senior Notes remains outstanding. We may also redeem the 7.750% Senior Notes at any time and from time to time at a premium as specified in the indenture governing the 7.750% Senior Notes.

Aeróleo Debt

During the nine months ended September 30, 2016, we prepaid a $1.0 million loan due to a third party in Brazil. Also during the nine months ended September 30, 2016, we and our partner in Aeróleo each contributed notes payable to us by Aeróleo as a contribution of additional capital into Aeróleo. As a result, $6.3 million of debt due to our partner in Aeróleo was recorded in net loss attributable to noncontrolling interest in subsidiary on the accompanying condensed consolidated statements of operations.

Short and Long-Term Liquidity Requirements

We anticipate that we will generate positive cash flows from operating activities and that these cash flows will be adequate to meet our working capital requirements. During the nine months ended September 30, 2016, our cash provided by operating activities was $46.5 million. To support our capital expenditure program and/or other liquidity requirements, we may use operating cash flow, cash balances or proceeds from sales of assets, issue debt or equity, borrow under our Revolving Credit Facility or undertake any combination of the foregoing.

Our availability of long-term financing is dependent upon our ability to generate operating profits sufficient to meet our requirements for working capital, capital expenditures and a reasonable return on investment. Management will continue to closely monitor our liquidity as well as the capital and other financing markets.

Off-Balance Sheet Arrangements

On occasion, we and our partners will guarantee certain obligations on behalf of our joint ventures. As of September 30, 2016, we had no such guarantees in place.

Contingencies

Brazilian Tax Disputes

We are disputing assessments of approximately $7.1 million in taxes, penalties and interest levied by the municipal authorities of Rio de Janeiro (for the period between 2000 to 2005) and Macae (for the period between 2001 to 2006) (collectively, the "Municipal Assessments"). We believe that, based on our interpretation of tax legislation supported by clarifying guidance provided by the Supreme Court of Brazil with respect to the issue in a 2006 ruling, we are in compliance with all applicable tax legislation and plan to defend this claim vigorously at the administrative levels in each jurisdiction. In the event the Municipal Assessments are upheld at the last administrative level, it may be necessary for us to deposit the amounts at issue as security to pursue further appeals. We received a final, unfavorable ruling with respect to a similar assessment levied by the Rio de Janeiro State Treasury for the periods between 1994 to 1998 (the "1998 Assessments"). The 1998 Assessments were upheld without taking into consideration the benefit of the clarifying guidance issued by the Supreme Court following the assertion of the claims. The final adjudication of the 1998 Assessments requires payment of amounts that are within the established accruals, will be paid in multiple installments over time and are not expected to have a material effect on our financial position or results of operations. At September 30, 2016, it is not possible to determine the outcome of the Municipal Assessments, but we do not expect that an adverse outcome would have a material effect on our business, financial position or results of operations. In addition, it is not possible to reasonably estimate the likelihood or potential amount of assessments that may be issued for any subsequent periods.

We are also disputing challenges raised by the Brazilian tax authorities with respect to certain tax credits applied by Aeróleo between 1995 to 2009. The tax authorities are seeking $2.2 million in additional taxes, interest and penalties. We believe that, based on our interpretation of tax legislation, we are in compliance with all applicable tax legislation and plan to defend this claim vigorously. At September 30, 2016, it is not possible to determine the outcome of this matter, but we do not expect that an adverse outcome would have a material effect on our business, financial position or results of operations.

We are disputing responsibility for $2.7 million of employer social security contributions required to have been remitted by one of our customers relating to the period from 1995 to 1998. Although we may be deemed co-responsible for such remittances under the local regulatory regime, the customer's payments to us against presented invoices were made net of the specific remittances required to have been made by the customer and at issue in the claim. As such, we plan to defend this claim vigorously. At September 30, 2016, it is not possible to determine the outcome of this matter, but we do not expect that an adverse outcome would have a material effect on our business, financial position or results of operations.

We are disputing certain penalties that are being assessed by the State of Rio de Janeiro in respect of our alleged failure to submit accurate documentation and to fully comply with filing requirements with respect to certain value-added taxes. We elected to make payment of $0.2 million in installments over time to satisfy a portion of these penalties. Upon confirming with the asserting authority that the originally proposed penalties of $1.6 million with respect to the balance of the assessments were calculated based on amounts containing a typographical error, the aggregate penalties that remain in dispute total $0.4 million. At September 30, 2016, it is not possible to determine the outcome of this matter, but we do not expect that an adverse outcome would have a material effect on our business, financial position or results of operations.

We are also disputing claims from the Brazilian tax authorities with respect to federal customs taxes levied upon the helicopters leased by us and imported into Brazil under a temporary regime and subject to re-export. In order to dispute such assessments and pursue its available legal remedies within the judicial system, we deposited the amounts at issue into an escrow account that serves as security and with the presiding judge in the matter controlling the release of such funds. We believe that, based on our interpretation of tax legislation and well established aviation industry practice, we are not required to pay such taxes and plan to defend this claim vigorously. At September 30, 2016, it is not possible to determine the outcome of this matter, but we do not expect that an adverse outcome would have a material effect on our business, financial position or results of operations.

Other

In the normal course of our business, we become involved in various litigation matters including, among other things, claims by third parties for alleged property damages and personal injuries. Management uses estimates in determining our potential exposure to these matters and has recorded reserves in our financial statements as appropriate. It is possible that a change in our estimates related to these exposures could occur, but we do not expect such changes in estimated costs would have a material effect on our consolidated financial position, results of operations or cash flows.

For additional information about our contractual obligations and commercial commitments, refer to “Liquidity and Capital Resources—Contractual Obligations and Commercial Commitments” contained in our Annual Report on Form 10-K/A for the year ended December 31, 2015. There have been no material changes since such date.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

For additional information about our exposure to market risk, refer to Item 7A, Quantitative and Qualitative Disclosures about Market Risk, contained in our Annual Report on Form 10-K/A for the year ended December 31, 2015. There has been no material change in our exposure to market risk during the Current Quarter, except as described below.

As of September 30, 2016, we had non-U.S. dollar denominated capital purchase commitments of €112.3 million ($126.2 million). An adverse change of 10% in the underlying foreign currency exchange rate would increase the U.S. dollar equivalent of the non-hedged purchase commitment by $12.6 million. As of September 30, 2016, we maintained non-U.S. dollar denominated cash balances of €1.6 million ($1.8 million) and a receivable balance of €2.4 million ($2.7 million). An adverse change of 10% in the underlying foreign currency exchange rate would reduce net income by $0.1 million and $0.2 million, respectively. As of September 30, 2016, our Brazilian subsidiary maintained a non-U.S. dollar denominated working capital balance of R$11.4 million ($3.5 million). An adverse change of 10% in the underlying foreign currency exchange rate would reduce our working capital balance by $0.3 million.

ITEM 4. CONTROLS AND PROCEDURES

With the participation of our Chief Executive Officer and Chief Financial Officer, management evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) as of September 30, 2016. Based on their evaluation, our principal executive officer and principal financial officer concluded that the Company’s disclosure controls and procedures were effective and operating to provide reasonable assurance that material information required to be disclosed in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission’s rules and forms, including ensuring that such material information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure, as of September 30, 2016.

During the quarter ended September 30, 2016, there were no changes in our internal control over financial reporting that have materially affected or are reasonably likely to materially affect our internal control over financial reporting.

PART II—OTHER INFORMATION

ITEM 1A. RISK FACTORS

Our business, results of operations, financial condition, liquidity, cash flow and prospects may be materially and adversely affected by numerous risks and uncertainties. Although it is not possible to predict or identify all such risks and uncertainties, they may include, but are not limited to, the risks and uncertainties described below. These risks and uncertainties, along with those presented in our Annual Report on Form 10-K/A for the year ended December 31, 2015, represent some of the more critical risk factors that affect us. Our business operations or actual results could also be similarly impacted by additional risks and uncertainties that are not currently known to us or that we currently deem immaterial to our operations.

We are exposed to credit risks.

We are exposed to credit risk on trade receivables from the unexpected loss in cash and earnings when a customer cannot meet its obligation to us or when the value of security provided declines. Customer credit risk is further enhanced during times of depressed oil prices, like that we are currently experiencing. In addition to collection risk, we are exposed to the risk of potential contractual termination in the event that a customer voluntarily or involuntarily seeks relief from creditors upon becoming insolvent or unable to repay its debts as they become due and the risk of customers seeking to renegotiate contracts on terms more beneficial to the customer. To mitigate trade credit risk, we have developed credit policies and procedures that are designed to monitor and limit exposure to credit risk on our receivables. Such policies include the review, approval and monitoring of new customers, annual credit evaluations and credit limits. However, there can be no assurance that such procedures will effectively limit our credit risk and avoid losses and, if not effective, such credit risks could have a material adverse effect on our business, financial condition and results of operations.

In addition, we are exposed to credit risk on our financial investments and instruments that are dependent upon the ability of our counterparties to fulfill their obligations to us. We manage credit risk by entering into arrangements with established counterparties that possess investment grade credit ratings and by monitoring our concentration risk with counterparties on an ongoing basis and through the establishment of credit policies and limits, which are applied in the selection of counterparties.

We rely on the secondary market to dispose of our older helicopters and related equipment as part of our on-going fleet management activities.

We manage our fleet by evaluating expected demand for helicopter services across global markets, including the type of helicopter needed to meet this demand. As offshore oil and gas drilling and production globally moves to deeper water, more heavy and medium helicopters and newer technology helicopters may be required. As helicopters come off of current contracts or are replaced by newer models, our management evaluates future cash flow potential for such helicopters against our ability to recover our remaining investments in these helicopters through sales into the aftermarket. We are dependent upon the secondary market to dispose of our helicopters and related equipment as our fleet continues to evolve to address changes in demand driven by customer needs. The number of helicopter sales and the amount of gains and losses recorded on these sales is unpredictable. The loss of our ability to dispose of helicopters and related equipment in the secondary market could have a material adverse effect on our business, financial condition and results of operations.

The book value of our owned helicopters as reflected on our balance sheet is based on our practice of depreciating our helicopters over their expected useful life to the expected salvage value to be received for such helicopter at the end of that life. From time to time, we disclose our net asset value, which is based, in large part, on the fair market value of our helicopters obtained from third party valuation specialists. There is no assurance that either the book value, net asset value or the fair market value of any helicopter represents the amount that we could obtain from an unaffiliated third party in an arm's length sale of such helicopter, and market factors may impact the need for any impairments of book value, any recorded gains or losses on helicopter sales and our ability to achieve the estimated fair market value of such helicopter.

Any changes in the supply of, or demand for, helicopters could impact the secondary market. Industry conditions, including the global oil and gas market downturn we are currently experiencing, could result in a decline in demand for helicopters in that end market and a corresponding increase in idle helicopters. In May 2016, a global competitor filed for Chapter 11 bankruptcy protection and has received court approval to reject leases resulting in the return to lessors of 71 helicopters. As of October 28, 2016, this global competitor has requested approval to reject leases that could result in the return of an additional 24 leased helicopters to lessors and to abandon helicopters that could result in the transfer to its secured lenders of an additional five helicopters. In addition, this competitor seeks to restructure the terms of certain of its existing leases. The rejection and abandonment of these helicopters are expected to increase the number of idle helicopters and could potentially increase the supply of helicopters available for sale. These changes in supply could adversely impact helicopter rates and pricing of helicopters in the secondary market.

In April 2016, an Airbus Helicopters H225 (also known as a EC225LP) model helicopter operated by the global competitor referenced above was involved in an accident in Norway. The helicopter was carrying eleven passengers and two crew members at the time of the accident. The accident resulted in thirteen fatalities. The cause of the accident is not yet known and is under investigation by the relevant authorities. The Accident Investigation Board Norway ("AIBN") published preliminary reports that contained findings from the investigation into the accident in May and June 2016. Pursuant to a safety recommendation published by the AIBN, a number of regulatory authorities issued safety directives suspending operations, with limited exceptions, of all Airbus H225 and AS332L2 model helicopters registered in their jurisdictions, and a number of customers and operators voluntarily suspended operations of those two helicopter models. Any extended suspension or grounding of a particular helicopter model, such as the H225 and AS332L2, could increase the number of idle helicopters of such model, increase the supply of helicopters of such model available for sale and negatively impact the market value of that helicopter model. As of September 30, 2016, the net book value of our H225 helicopters and related inventory of parts and equipment was $162.4 million. Any negative impact on the demand for helicopters or increase in the supply of helicopters available for sale could impair our ability to dispose of helicopters and related equipment in the secondary market or reduce the amounts that we could obtain therefrom, reduce the market value of our owned helicopter fleet, or affect our ability to effectively manage the size and mix of our fleet, any of which could have a material adverse effect on our business, financial condition and results of operations.

The concentration of certain helicopter models in our fleet could materially adversely affect our business, financial condition or results of operations should any problems specific to these particular models occur.

As of September 30, 2016, two helicopter models - the H225 heavy helicopter model and AW139 medium helicopter model - comprised approximately 66% of the net book value of our helicopter fleet. If the market demand for either of these models declines, if either of these models experiences technical difficulties or if either of these models is involved in an operational incident, it could cause a diminution in value of the affected model. In addition, the bankruptcy or shutdown of a helicopter operator or lessor with a large fleet of such helicopter models may result in an oversupply of such model being made available to the market, which could reduce the rates earned by, and/or the value of, such helicopter model. Due to the high concentration of these models in our fleet, a significant decline in value of any of these models that is other than temporary could result in an impairment to the carrying value of our helicopter fleet. The occurrence of any of these events could materially adversely affect our business, financial condition or results of operations.

For example, the operation of our 9 H225 helicopters is currently suspended following a recent accident involving this helicopter model operated by a competitor. We cannot anticipate how long the suspension of H225 helicopter operations will last, the market receptivity of the H225 helicopter for future oil and gas operations, the potential impact on residual values of these helicopters or how the suspension may affect the secondary market for this model. Even if the suspension is lifted, our customers, their employees or the unions to which our customer's employees belong may refuse to use such model.

Our industry is subject to intense competition.

The helicopter industry is highly competitive. Contracting for helicopter services is often done through a competitive bidding process among those operators having an acceptable safety record, demonstrated reliability, requisite equipment for the job and sufficient resources to provide coverage when primary equipment comes out of service for maintenance. Customers typically make their final choice based on aircraft availability, quality and location of facilities and price. If we are unable to satisfy the criteria to participate in bids or are otherwise unable to compete effectively, our business, financial condition and results of operations could be materially and adversely affected.

In certain of our international markets where foreign regulations may require that contracts be awarded to local companies owned or controlled by nationals, we may participate in bids as a subcontractor or vendor to the local bidding company. These third parties may not be able to win these bids for reasons unrelated to us or our safety record, reliability, or equipment. Accordingly, we may lose potential business, which may be significant, for reasons beyond our control.

We compete against a number of helicopter operators, including other major global helicopter operators such as Bristow Group Inc. ("Bristow") and CHC Group Ltd. In the U.S., we face competition for business in the oil and gas industry from three major operators: Bristow, PHI, Inc. ("PHI") and Rotorcraft Leasing Company, LLC. In our international markets, we also face competition from local operators in countries where foreign regulations require that contracts be awarded to local companies owned or controlled by nationals or from operators that are more recognized in some of those markets. There can be no assurance that our competitors will not be successful in capturing a share of our present or potential customer base. We also face potential competition from customers that establish their own flight departments and smaller operators with access to capital that can expand their fleets and operate more sophisticated and costly equipment. In providing air medical transport services, we face competition from Air Medical Group Holdings, Air Methods Corporation, PHI and many other operators. In addition, helicopter leasing companies, such as Element Financial Corporation, Lease Corporation International (Aviation) Limited, Macquarie Rotocraft Leasing, Milestone Aviation Group Limited and Waypoint Leasing Limited, provide offerings that compete with, and could capture a share of, our dry-leasing opportunities to third parties. Our competitors, including those that may enter bankruptcy and emerge with a more effective capital structure and lower operating costs, and those helicopter leasing companies that may have a lower cost of capital, may benefit from a competitive advantage permitting them to offer lease rates for helicopters and/or services that are more attractive than those we can be offer. For example, Milestone Aviation Group was acquired in January 2015 by GE Capital Aviation Services, a company with significant resources. We also compete with other providers of search and rescue, utility and flightseeing services in various markets.

If our intangible assets or investments in unconsolidated affiliates become impaired we may be required to record a significant charge to earnings.

We acquire other companies and intangible assets and make investments in unconsolidated affiliates and may not realize all of the economic benefit from those acquisitions or investments which could cause an impairment of our intangible assets or investments in unconsolidated affiliates. We test our indefinite-lived intangibles for impairment at least annually and review our investments in unconsolidated affiliates and intangible assets for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. We may be required to record charges in our consolidated financial statements during the period in which any impairment of our intangible assets or investments in unconsolidated affiliates is determined, which could adversely affect our results of operations.

For additional information about our risk factors, see "Risk Factors" in Item 1A of our Annual Report on Form 10-K/A for the year ended December 31, 2015.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

The following table presents information regarding our repurchases of shares of our Common Stock on a monthly basis during the three months ended September 30, 2016:

	Total Number of Shares Repurchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Value of Shares that May Yet be Purchased Under the Plans or Programs
July 1, 2016 - July 31, 2016	—	$ —	—	$ 22,934,076
August 1, 2016 - August 31, 2016	—	$ —	—	$ 22,934,076
September 1, 2016 - September 30, 2016	—	$ —	—	$ 22,934,076

ITEM 6. EXHIBITS

The exhibits listed in the accompanying Exhibit Index are filed, furnished or incorporated by reference (as stated therein) as part of this Quarterly Report on Form 10-Q.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Era Group Inc. (Registrant)

DATE: November 1, 2016	By:	/s/ Andrew L. Puhala
		Andrew L. Puhala, *Senior Vice President, Chief Financial Officer*
DATE: November 1, 2016	By:	/s/ Jennifer Whalen
		Jennifer Whalen, *Vice President, Chief Accounting Officer*

EXHIBIT INDEX

10.1	Consent and Amendment No. 2 to Amended and Restated Senior Secured Revolving Credit Facility
10.2	Consent and Amendment No. 3 to Amended and Restated Senior Secured Revolving Credit Facility
31.1	Certification by the Principal Executive Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act.
31.2	Certification by the Principal Financial Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act.
32.1	Certification by the Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification by the Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation Linkbase
101.DEF	XBRL Taxonomy Extension Definition Linkbase
101.LAB	XBRL Taxonomy Extension Label Linkbase
101.PRE	XBRL Taxonomy Extension Presentation Linkbase

CONSENT AND AMENDMENT NO. 2 TO AMENDED AND RESTATED SENIOR SECURED REVOLVING CREDIT FACILITY AGREEMENT

THIS CONSENT AND AMENDMENT NO. 2 TO AMENDED AND RESTATED SENIOR SECURED REVOLVING CREDIT FACILITY AGREEMENT (this "***Consent and Amendment***") is made as of the 4th day of March, 2016, by and among ERA GROUP INC., a corporation incorporated under the laws of the State of Delaware (hereinafter called the "***Borrower***"), the other Security Parties signatory hereto, SUNTRUST BANK, as administrative agent (the "***Administrative Agent***"), and the Lenders signatory hereto, and provides consent under, amends and is supplemental to the Amended and Restated Senior Secured Revolving Credit Facility Agreement, dated March 31, 2014 (as amended by that certain Amendment No. 1 to Amended and Restated Senior Secured Revolving Credit Facility Agreement, dated May 18, 2015, the "***Original Agreement***", and as amended and supplemented hereby, the "***Agreement***").

W I T N E S S E T H T H A T:

WHEREAS, pursuant to the Original Agreement, the Lenders have agreed to provide to the Borrower a revolving credit facility in the amount of Three Hundred Million Dollars ($300,000,000), including Letters of Credit not to exceed Fifty Million Dollars ($50,000,000) in the aggregate and a Swing Line Facility not to exceed Twenty Five Million Dollars ($25,000,000), as such facility amount may be increased as provided therein; and

WHEREAS, the Majority Lenders have agreed to provide the consents under, and the parties have agreed to amend, the Original Agreement as provided herein.

NOW, THEREFORE, in consideration of the premises and such other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged by the parties, it is hereby agreed as follows:

1. Definitions. Unless otherwise defined herein, words and expressions defined in the Original Agreement have the same meanings when used herein, including in the recitals hereto.

2. Representations and Warranties. Each of the Security Parties hereby reaffirms, as of the date hereof and after giving effect to this Consent and Amendment, each and every representation and warranty made by it in the Original Agreement, the Notes, the Security Documents and the other Loan Documents except for representations and warranties, if any, given as of a specified date. Additionally, each of the Security Parties hereby represents and warrants that this Consent and Amendment has been duly executed and delivered for the benefit of or on behalf of such Security Party and constitutes a legal, valid and binding obligation of such Security Party, enforceable against such Security Party in accordance with its terms, except as the enforceability hereof may be limited by bankruptcy, insolvency, reorganization, moratorium and other laws affecting creditors' rights and remedies in general.

3. No Defaults. Each of the Security Parties hereby represents and warrants that, after giving effect to this Consent and Amendment, no Event of Default nor event which, with the passage of time, giving of notice or both would become an Event of Default, has occurred or is continuing as of the date hereof.

4. Performance of Covenants. Each of the Security Parties hereby reaffirms that, after giving effect to this Consent and Amendment, it has duly performed and observed the covenants and undertakings set forth in the Original Agreement, the Notes, the Security Documents and the other Loan Documents to be performed by it and each of the Security Parties covenants and undertakes to continue duly to perform

and observe such covenants and undertakings so long as the Original Agreement, as the same is amended and supplemented hereby and may hereafter be amended, restated, supplemented or otherwise modified, shall remain in effect.

5. Consents and Amendments. Subject to the terms and conditions of this Consent and Amendment:

a. Era Do Brazil LLC. On October 1, 2015, Era Aeróleo LLC, acquired the remaining 50% of the Equity Interests of Era Do Brazil, LLC, a Delaware limited liability company ("***EDB***"), not previously owned by it (the "***EDB Acquisition***"), and EDB became a wholly owned Domestic Subsidiary of the Borrower. The Borrower hereby represents and warrants that (i) the EDB Acquisition is permitted under the Agreement, including, without limitation, under Section 10.1(b)(xvi) of the Agreement and (ii) immediately before and after giving effect to the EDB Acquisition, the Borrower is in compliance with the Financial Covenants. At the request of the Borrower, the Majority Lenders hereby (x) consent to an extension of the date by which the Borrower shall be required to comply with the requirements of Section 10.1(a)(xxix)(C) of the Agreement related to EDB to Wednesday, March 9, 2016 (or such later date as the Administrative Agent shall agree in its sole discretion), such consent to be effective as of the date of the EDB Acquisition at 12:01 a.m. of the earliest relevant time zone and (y) deem satisfied hereby any notice requirement of Section 10.01(a)(iv)(a) as it related thereto.

b. Dissolved Entities. On October 27, 2015, the Borrower dissolved Era Canada LLC, Era Flightseeing LLC and Era Helicopter Services LLC (the "***Dissolution***"), each a Delaware limited liability company and a Security Party (each, a "***Dissolved Entity***" and collectively, the "***Dissolved Entities***"). The Borrower hereby represents and warrants that the Dissolved Entities did not have any material assets or liabilities. At the request of the Borrower, effective as of the date of the Dissolution at 12:01 a.m. in the earliest relevant time zone, the Majority Lenders hereby (or, as applicable, the Administrative Agent, with the consent of the Majority Lenders, hereby) (i) consent to the Dissolution of the Dissolved Entities and to the Borrower not preserving the existence of the Dissolved Entities, (ii) deem satisfied hereby any notice requirement of Section 10.01(a)(iv)(a) as it related thereto, (iii) release, automatically and without further action, each Dissolved Entity from its obligations under all Security Documents to which it is a party, including, without limitation, the Guaranty and the Security Agreement, (iv) release, automatically and without further action, all Liens on the Equity Interests of each Dissolved Entity granted to or held by Administrative Agent (on behalf of the Creditors) under the Loan Documents, (v) release, automatically and without further action, all Liens on any property of each Dissolved Entity granted to or held by Administrative Agent (on behalf of the Creditors) under the Loan Documents, (vi) authorize the Borrower, or its designee, to file the UCC-3 termination statements attached hereto as Annex A to terminate (A) financing statement number 2011 4937739 filed against Era Canada LLC on December 22, 2011 with the Delaware Department of State, (B) financing statement number 2011 4937846 filed against Era Flightseeing LLC on December 22, 2011 with the Delaware Department of State and (C) financing statement number 2011 4938356 filed against Era Helicopter Services LLC on December 22, 2011 with the Delaware Department of State and (vii) agree to authorize, execute and/or deliver to the Borrower, at its request and expense, such additional documents, instruments or releases (all of which shall be without recourse or warranty to the Administrative Agent or the Lenders and otherwise in form and substance reasonably satisfactory to the Administrative Agent) as the Borrower may reasonably request to further evidence the foregoing releases.

c. Newly Formed First Tier Foreign Subsidiaries; EBVI's Foreign Subsidiaries. On March 20, 2015, the Borrower formed Era (BVI) Ltd., a British Virgin Islands company ("***EBVI***"), and on August 6, 2015, the Borrower formed Era Helicopters (Bahamas) Ltd, a Bahamian Internal Business Company ("***EHB***"). At the request of the Borrower, the Majority Lenders hereby (i) consent to an extension of the date by which the Borrower shall be required to comply with the requirements of Section 10.1(a)(xxix)(D) of the Agreement related to the pledge of EBVI and EHB to Wednesday, March 9, 2016 (or such later date as the Administrative Agent shall agree in its sole discretion), such consent, in the case of EBVI, to be effective as of the date EBVI was formed at 12:01 a.m. in the earliest relevant time zone, and, in the case of EHB, to be effective as of the date EHB was formed at 12:01 a.m. in the earliest relevant time zone, and (ii) deem satisfied hereby any notice requirement of Section 10.01(a)(iv)(a) as it related thereto. At the request of the Borrower, the Majority Lenders hereby (x) deem timely given, under Section 10.01(a)(xxix)(D) of the Original Agreement, the notice given to the Administrative Agent in connection with this Consent and Amendment to the effect that Hauser Investments Limited, a British Virgin Islands Company ("Hauser"), currently a direct 75% owned Foreign Subsidiary of EBVI, became EBVI's direct 75% owned Foreign Subsidiary on April 8, 2015, and that Sicher Helicopters S.A.S., a company organized in the Republic of Colombia, currently a 100% wholly owned direct Foreign Subsidiary of Hauser, became Hauser's 100% wholly owned direct Foreign Subsidiary on April 8, 2015 and (y) deem satisfied hereby any notice requirement of Section 10.01(a)(iv)(a) as it related thereto.

d. Coulson Promissory Note. On June 4, 2015, after commencing litigation following a cessation of scheduled payments, Era Helicopters, LLC ("***EH***") entered into a settlement agreement wherein EH agreed to settle the approximately $480,000 outstanding balance under that certain promissory note issued in July of 2012 by Coulson Aircrane Ltd. in favor of EH for a payment of $192,500 (the "***Coulson Settlement***"). At the request of the Borrower, notwithstanding Section 14(b) of the Security Agreement, the Majority Lenders hereby consent to the Coulson Settlement, such consent to be effective as of the date of such settlement at 12:01 a.m in the earliest relevant time zone and deem satisfied hereby any notice requirement of Section 10.01(a)(iv)(a) as it related thereto.

e. Trademarks. At the request of the Borrower, the Majority Lenders hereby (i) consent to an extension of the date by which the Borrower shall be required to comply with the requirements of Section 9(e) of the Security Agreement related to the delivery to the Administrative Agent and the other Creditors of notice of the filing of applications for registration of the Trademarks listed on Schedule I attached hereto to Wednesday, March 9, 2016 (or such later date as the Administrative Agent shall agree in its sole discretion), such consent to be effective as of the date such notice was required to be given as to each of such Trademarks at 12:01 a.m. in the earliest relevant time zone and (ii) deem satisfied hereby any such notice requirement.

f. Schedules. At the request of the Borrower, the Majority Lenders hereby (i) consent to an extension of the date by which the Borrower shall be required to comply with the requirements of Section 6(c) of the Security Agreement related to the delivery of updated Schedules I-IX to the Security Agreement in connection with the 2015 and 2016 annual appraisals delivered pursuant to Section 10.1(a)(xxv) of the Agreement to Wednesday, March 9, 2016 (or such later date as the Administrative Agent shall agree in its sole discretion), such consent to be effective as of the date of the delivery of the 2015 annual appraisal at 12:01 a.m. in the earliest relevant time zone, (ii) agree that such updated Schedules shall constitute the updated Schedules required to be delivered in connection with both the 2015 and 2016 annual appraisals and (iii) deem satisfied hereby any notice requirement of Section 10.01(a)(iv)(a) as it related thereto.

g. Amendments to the Original Agreement.

i. All references to "this Agreement" or "the Agreement" in the Original Agreement shall refer and shall be deemed to refer to the Original Agreement as further amended and supplemented by this Consent and Amendment.

ii. Section 1.1 (Defined Terms) of the Original Agreement is hereby modified by amending and restating the definition of "U.S. Bancorp Helicopters" appearing therein as follows:

"***U.S. Bancorp Helicopters***" means (i) one (1) AgustaWestland Philadelphia Corporation model AW139 Helicopter bearing manufacturer's serial number 41277 and United States Registration No. N804CB and (ii) one (1) EUROCOPTER model EC 225 LP Helicopter bearing manufacturer's serial number 2732 and United States Registration No. N781TC, each owned by Era Helicopters LLC, a Delaware limited liability company and a wholly owned Subsidiary of the Borrower, which are subject to mortgages granted by Era Helicopters LLC in favor of U.S. Bancorp Equipment Finance, Inc.

iii. Section 1.1 (Defined Terms) of the Original Agreement is hereby further modified by amending the definition of "Lender Insolvency Event" appearing therein to (A) delete the word "or" appearing immediately before clause (iii) and (B) insert the following new clause (iv) immediately after clause (iii) and before the proviso appearing thereafter:

"or (iv) a Lender or its Parent Company has become the subject of a Bail-In Action"

iv. Section 1.1 (Defined Terms) of the Original Agreement is hereby further amended by adding the following new defined terms in the appropriate alphabetical order:

"***Bail-In Action***" means the exercise of any Write-Down and Conversion Powers by the applicable EEA Resolution Authority in respect of any liability of an EEA Financial Institution.

"***Bail-In Legislation***" means, with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule.

"***EEA Financial Institution***" means (a) any credit institution or investment firm established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority, (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition, or (c) any financial institution established in an EEA Member Country which is a subsidiary of an institution described in clauses (a) or (b) of this definition and is subject to consolidated supervision with its parent.

"***EEA Member Country***" means any of the member states of the European Union, Iceland, Liechtenstein, and Norway.

"***EEA Resolution Authority***" means any public administrative authority or any person entrusted with public administrative authority of any EEA Member Country (including any delegee) having responsibility for the resolution of any EEA Financial Institution.

"***EU Bail-In Legislation Schedule***" means the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor person), as in effect from time to time.

"***Write-Down and Conversion Powers***" means, with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule.

v. Section 12.6 (Defaulting Lenders) of the Original Agreement is hereby modified by amending and restating the second proviso appearing in subsection 12.6(a) as follows:

"provided that, subject to Section 18.16, neither any such reallocation nor any payment by a Non-Defaulting Lender pursuant thereto nor any such Cash Collateralization or reduction will constitute a waiver or release of any claim the Borrower, the Administrative Agent, the Letter of Credit Issuer, the Swing Line Bank or any other Lender may have against such Defaulting Lender or cause such Defaulting Lender to be a Non-Defaulting Lender"

vi. Section 18 (Miscellaneous) of the Original Agreement is hereby amended by inserting the following new Section 18.16 (Acknowledgement and Consent to Bail-In of EEA Financial Institutions) immediately after Section 18.15 (Amendment and Restatement) appearing therein:

Section 18.16 Acknowledgement and Consent to Bail-In of EEA Financial Institutions. Notwithstanding anything to the contrary in any Loan Document or in any other agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any EEA Financial Institution arising under any Loan Document, to the extent such liability is unsecured, may be subject to the write-down and conversion powers of an EEA Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

(a) the application of any Write-Down and Conversion Powers by an EEA Resolution Authority to any such liabilities arising hereunder which may be payable to it by any party hereto that is an EEA Financial Institution; and

(b) the effects of any Bail-in Action on any such liability, including, if applicable:

(a) a reduction in full or in part or cancellation of any such liability;

i. a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such EEA Financial Institution, its parent undertaking, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Agreement or any other Loan Document; or

ii. the variation of the terms of such liability in connection with the exercise of the write-down and conversion powers of any EEA Resolution Authority.

6. Conditions Precedent. The effectiveness of this Consent and Amendment is expressly subject to the satisfaction of the following conditions precedent:

a. Execution and Delivery. The Administrative Agent, the Majority Lenders and the Security Parties shall have executed and delivered this Consent and Amendment to the Administrative Agent;

b. Events of Default. The Administrative Agent shall be satisfied that, after giving effect to this Consent and Amendment, no Event of Default or event which, with the passage of time, giving of notice or both would become an Event of Default has occurred and is continuing; and

c. Representations and Warranties. After giving effect to this Consent and Amendment, the representations and warranties of the Security Parties contained in the Agreement, this Amendment, the Security Documents and the other Loan Documents shall be true on and as of the date of this Consent and Amendment (except for representations and warranties (if any) given as of a specified date, which representations and warranties shall have been true on and as of such specified date).

7. Post-Closing Covenants.

a. EDB Joinder Documents. On or before Wednesday, March 9, 2016 (or such later date as the Administrative Agent shall agree in its sole discretion), the Borrower shall deliver, or shall cause to be delivered, to the Administrative Agent all documentation required to be delivered under Section 10.1(a)(xxix)(C) of the Agreement related to EDB, including, without limitation, (i)(A) a joinder supplement to the Guaranty in the form of Exhibit A to the Guaranty, (B) a joinder supplement to the Security Agreement in the form of Exhibit A to the Security Agreement, (C) a Copyright Security Agreement, a Patent Security Agreement and a Trademark Security Agreement, as applicable, (D) a UCC financing statement naming EDB as debtor and the Administrative Agent as secured party and (E) all such other documentation (including, without limitation, certified organizational documents, resolutions, lien searches and legal opinions) as EDB would have been required to deliver under Section 4.1 of the Agreement if it had been a Security Party on the Closing Date and (ii)(A) a pledge supplement to the Security Agreement and (B) the original certificates, if any, evidencing the pledged Equity Interests of EDB, together with appropriate powers executed in blank.

b. EBVI and EHD Pledge Documents. On or before Wednesday, March 9, 2016 (or such later date as the Administrative Agent shall agree in its sole discretion), the Borrower shall deliver, or shall cause to be delivered, to the Administrative Agent all documentation required to be delivered under Section 10.1(a)(xxix)(D) of the Agreement related to the pledge of EBVI and EHB, including, without limitation, (i) a pledge supplement to the Security Agreement evidencing the pledge of 65% of the issued and outstanding voting Equity Interests and 100% of the issued and outstanding non-voting Equity Interests of each of EBVI and EHD, (ii) the original certificates, if any, evidencing such pledged Equity Interests, together with appropriate powers executed in blank and (iii) all such other documentation as the Administrative Agent may reasonably request.

c. 2016 Appraisal; Updated Schedules to the Security Agreement. On or before Wednesday, March 9, 2016 (or such later date as the Administrative Agent shall agree in its sole discretion), the Borrower shall deliver, or cause to be delivered, to the Administrative Agent (i) the 2016 annual appraisal required to be delivered pursuant to Section 10.1(a)(xxv) of the Agreement and (ii) the certificate required to be delivered under Section 6(c) of the Security Agreement in connection with such 2016 annual appraisal attaching updates to Schedules I-IX to the Security Agreement and certifying that all UCC financing statements and other appropriate filings, recordings or registrations have been filed of record in each governmental, municipal or other appropriate office in each jurisdiction necessary to protect and perfect the security interests and Liens in the United States under the Security Agreement.

d . Trademark Security Agreement. On or before Wednesday, March 9, 2016 (or such later date as the Administrative Agent shall agree in its sole discretion), the Borrower shall deliver, or shall cause to be delivered, to the Administrative Agent, a Trademark Security Agreement signed by the Borrower (substantially in the form attached to the Security Agreement) in respect of each of the Trademarks listed on Schedule I attached hereto that has been registered with the United States Patent and Trademark Office.

8. Expenses. The Borrower shall pay promptly to the Administrative Agent all costs and expenses (including legal fees) of the Administrative Agent for the preparation and/or execution of this Consent and Amendment and any documents prepared and/or executed in connection herewith.

9. No Other Amendment; Loan Document. Except as expressly consented to under and amended and supplemented by this Consent and Amendment, all other terms and conditions of the Original Agreement shall remain in full force and effect and the Original Agreement shall be read and construed as if the terms of this Consent and Amendment were included therein by way of addition or substitution, as the case may be. The execution, delivery and effectiveness of this Consent and Amendment shall not, except as expressly provided herein (including, for the avoidance of doubt, in such exception any event or occurrence that has been expressly consented to by the Majority Lenders hereunder or any requirement expressly deemed satisfied hereby by the Majority Lenders), operate as a waiver of any right, power or remedy of the Lenders under the Original Agreement, nor constitute a waiver of any provision of the Original Agreement. This Consent and Amendment shall constitute a Loan Document for all purposes of the Agreement. Any failure of the Borrower to comply with the post-closing covenants set forth in Section 7 above shall constitute an immediate Event of Default under the Agreement.

10. Other Documents. Upon the effectiveness of this Consent and Amendment, each of the Security Parties and the Creditors hereby consents and agrees that all references in the Security Documents to the "Credit Agreement" shall refer and shall be deemed to refer to the Original Agreement as amended and supplemented by this Consent and Amendment. By the execution and delivery of this Consent and Amendment, each Security Party hereby consents and agrees that the Security Documents and any other documents that have been or may be executed as security for the Obligations shall remain in full force and effect notwithstanding the consents and amendments contemplated hereby, except as to release of the Security Documents as to the Dissolved Entities' obligations thereunder, including with respect to any Liens granted thereunder, all as set forth in Section 5b hereof. Without limiting the foregoing, and except as to the release of the Guaranty as to the Dissolved Entities' obligations thereunder as set forth in Section 5b hereof, (i) each Guarantor acknowledges that, notwithstanding anything to the contrary contained herein or in any other document evidencing any indebtedness of the Borrower to the Lenders or any other obligation of the Borrower to the Lenders in connection therewith, or any actions now or hereafter taken by the Lenders with respect to any obligation of the Borrower in connection therewith, the Guaranty (A) is and shall continue to be a primary obligation of such Guarantor, (B) is and shall continue to be an absolute, unconditional, joint and several, continuing and irrevocable guaranty of payment and (C) is and shall continue to be in full force and effect in accordance with its terms and (ii) nothing contained herein to the contrary shall release, discharge, modify, change or affect the original liability of the Guarantors under the Guaranty.

11. No Novation. This Consent and Amendment is not intended by the parties to be, and shall not be construed to be, a novation of the Original Agreement or an accord and satisfaction in regard thereto.

12. Governing Law. This Consent and Amendment shall be governed by, and construed in accordance with, the laws of the State of New York.

13. Further Assurances. Each Security Party hereby consents and agrees that if this Consent and Amendment or any of the Security Documents shall at any time be or be deemed by the Administrative Agent for any reason insufficient, in whole or in part, to carry out the true intent and spirit hereof or thereof, it will execute or cause to be executed such other and further assurances and documents as in the reasonable opinion of the Administrative Agent may be reasonably required in order more effectively to accomplish the purposes of this Consent and Amendment and the Security Documents.

14. Counterparts. This Consent and Amendment may be executed in as many counterparts as may be deemed necessary or convenient, and by the different parties hereto on separate counterparts each of which, when so executed, shall be deemed to be an original but all such counterparts shall constitute but one and the same agreement. Delivery of an executed counterpart of this Consent and Amendment by facsimile transmission or by electronic mail in pdf form shall be as effective as delivery of a manually executed counterpart hereof.

15. Headings. In this Consent and Amendment, section headings are inserted for convenience of reference only and shall be ignored in the interpretation of this Consent and Amendment.

[*remainder of page intentionally left blank*]

IN WITNESS WHEREOF, each of the parties hereto has executed this Consent and Amendment by its duly authorized representative on the day and year first above written.

ERA GROUP INC.,
as Borrower

By__________
Name: Christopher Bradshaw
Title: President and Chief Executive Officer

ERA HELICOPTERS, LLC,
as a Guarantor

By:__________
Name: Christopher Bradshaw
Title: President and Chief Executive Officer

ERA AERÓLEO LLC,
AEROLEO INTERNACIONAL, LLC,
ERA DHS LLC,
ERA LEASING LLC,
ERA MED LLC,
ERA AUSTRALIA LLC,
each as a Guarantor

By:__________
Name: Christopher Bradshaw
Title: Vice President and Chief Financial Officer

SUNTRUST BANK,
as Administrative Agent and a Lender

By__________
Name:
Title:

[____________________________],
as a Lender

By____________
Name:
Title:

ANNEX A

UCC-3s

[see attached]

SCHEDULE I

TRADEMARKS

Trademark	Status	Goods and Services	Owner	Jurisdiction
FLY ERA **App** 86436585 **Reg** 4759708	Registered **Reg** 23-JUNE-2015	**INT. CL. 39** AIR TRANSPORTATION SERVICES, NAMELY, HELICOPTER AND AIRPLANE CHARTER SERVICES, SCHEDULED AIRLINE SERVICES AND TRANSPORTATION OF PASSENGERS AND GOODS BY AIR; HELICOPTER AMBULANCE TRANSPORT; RESCUE SERVICES	ERA GROUP INC.	U.S.
ERA HELICOPTERS **App** 86418468 **Reg** 4743483	Registered **Reg** 26-May-2015	**INT. CL. 39** AIR TRANSPORTATION SERVICES, NAMELY, HELICOPTER AND AIRPLANE CHARTER SERVICES, SCHEDULED AIRLINE SERVICES AND TRANSPORTATION OF PASSENGERS AND GOODS BY AIR; HELICOPTER AMBULANCE TRANSPORT; RESCUE SERVICES	ERA GROUP INC.	U.S.
ERA SAR **App** 86168820 **Reg** 4674164	Registered **Reg** 20-JAN-2015	**INT. CL. 39** HELICOPTER AMBULANCE TRANSPORT; RESCUE SERVICES **INT. CL. 45** SEARCH SERVICES, NAMELY, INVESTIGATION AND SURVEILLANCE SERVICES RELATING TO THE SAFETY OF PERSONS	ERA GROUP INC.	U.S.

Trademark	**Status**	**Goods and Services**	**Owner**	**Jurisdiction**
ERA GROUP App 910308292	Pending Filed 23-NOV-2015	INT. CL. 39 AIR TRANSPORTATION SERVICES, NAMELY, HELICOPTER AND AIRPLANE CHARTER SERVICES, SCHEDULED AIRLINE SERVICES AND TRANSPORTATION OF PASSENGERS AND GOODS BY AIR	ERA GROUP INC.	Brazil
ERA HELICOPTERS App 910308330	Pending Filed 23-NOV-2015	INT. CL. 39 AIR TRANSPORTATION SERVICES, NAMELY, HELICOPTER AND AIRPLANE CHARTER SERVICES, SCHEDULED AIRLINE SERVICES AND TRANSPORTATION OF PASSENGERS AND GOODS BY AIR	ERA GROUP INC.	Brazil
ERA GROUP App 15-274793	Pending Filed 18-NOV-2015	INT. CL. 39 AIR TRANSPORTATION SERVICES, NAMELY, HELICOPTER AND AIRPLANE CHARTER SERVICES, SCHEDULED AIRLINE SERVICES AND TRANSPORTATION OF PASSENGERS AND GOODS BY AIR	ERA GROUP INC.	Colombia
ERA HELICOPTERS App 15-274814	Pending Filed 18-NOV-2015	INT. CL. 39 AIR TRANSPORTATION SERVICES, NAMELY, HELICOPTER AND AIRPLANE CHARTER SERVICES, SCHEDULED AIRLINE SERVICES AND TRANSPORTATION OF PASSENGERS AND GOODS BY AIR	ERA GROUP INC.	Colombia
ERA App 946468	Pending Filed 22-JULY-2014	INT. CL. 39 AIR TRANSPORTATION SERVICES, NAMELY, HELICOPTER AND AIRPLANE CHARTER SERVICES, SCHEDULED AIRLINE SERVICES AND TRANSPORTATION OF PASSENGERS AND GOODS BY AIR	ERA GROUP INC.	Colombia

CONSENT AND AMENDMENT NO. 3 TO AMENDED AND RESTATED SENIOR SECURED REVOLVING CREDIT FACILITY AGREEMENT

THIS CONSENT AND AMENDMENT NO. 3 TO AMENDED AND RESTATED SENIOR SECURED REVOLVING CREDIT FACILITY AGREEMENT (this "***Consent and Amendment***") is made as of the [__] day of October, 2016, by and among ERA GROUP INC., a corporation incorporated under the laws of the State of Delaware (hereinafter called the "***Borrower***"), the other Security Parties signatory hereto, SUNTRUST BANK, as administrative agent (the "***Administrative Agent***"), and the Lenders signatory hereto, and provides consent under, amends and is supplemental to the Amended and Restated Senior Secured Revolving Credit Facility Agreement, dated March 31, 2014 (as amended by that certain Amendment No. 1 to Amended and Restated Senior Secured Revolving Credit Facility Agreement, dated May 18, 2015 and as further amended by that certain Consent and Amendment No. 2 to Amended and Restated Senior Secured Revolving Credit Facility Agreement, dated March 4, 2016, the "***Original Agreement***", and as further amended and supplemented hereby, the "***Agreement***").

W I T N E S S E T H T H A T:

WHEREAS, pursuant to the Original Agreement, the Lenders have agreed to provide to the Borrower a revolving credit facility in the amount of Three Hundred Million Dollars ($300,000,000), including Letters of Credit not to exceed Fifty Million Dollars ($50,000,000) in the aggregate and a Swing Line Facility not to exceed Twenty Five Million Dollars ($25,000,000), as such facility amount may be increased as provided therein;

WHEREAS, pursuant to the Amendment, the Lenders have agreed to reduce the revolving credit facility to the amount of Two Hundred Million Dollars ($200,000,000), including Letters of Credit not to exceed Fifty Million Dollars ($50,000,000) in the aggregate and a Swing Line Facility not to exceed Twenty Five Million Dollars ($25,000,000), as such facility amount may be increased as provided therein; and

WHEREAS, the Majority Lenders have agreed to provide the consents under, and the Majority Lenders and the other parties hereto have agreed to amend, the Original Agreement as provided herein.

NOW, THEREFORE, in consideration of the premises and such other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged by the parties, it is hereby agreed as follows:

1. Definitions. Unless otherwise defined herein, words and expressions defined in the Original Agreement have the same meanings when used herein, including in the recitals hereto.

2. Representations and Warranties. Each of the Security Parties hereby reaffirms, as of the date hereof and after giving effect to this Consent and Amendment, each and every representation and warranty made by it in the Original Agreement, the Notes, the Security Documents and the other Loan Documents except for representations and warranties, if any, given as of a specified date, which shall be true and correct as of such specified date. Additionally, each of the Security Parties hereby represents and warrants that this Consent and Amendment has been duly executed and delivered for the benefit of or on behalf of such Security Party and constitutes a legal, valid and binding obligation of such Security Party, enforceable against such Security Party in accordance with its terms, except as the enforceability hereof may be limited by bankruptcy, insolvency, reorganization, moratorium and other laws affecting creditors' rights and remedies in general.

3. No Defaults. Each of the Security Parties hereby represents and warrants that, after giving effect to this Consent and Amendment, no Event of Default nor event which, with the passage of time, giving of notice or both would become an Event of Default, has occurred or is continuing as of the date hereof.

4. Performance of Covenants. Each of the Security Parties hereby reaffirms that, after giving effect to this Consent and Amendment, it has duly performed and observed the covenants and undertakings set forth in the Agreement, the Notes and the Security Documents that are required to be performed by it and each of the Security Parties covenants and undertakes to continue duly to perform and observe such covenants and undertakings so long as the Agreement, as the same is amended and supplemented hereby, shall remain in effect.

5. Consents. On September 27, 2016, Era Helicopters, LLC, a Delaware limited liability company and a wholly owned Subsidiary of the Borrower ("***Era Helicopters***"), entered into that certain Substitution and Amendment to Aircraft Security Agreement, pursuant to which Era Helicopters exchanged and replaced one (1) AgustaWestland Philadelphia Corporation, model AW139 Helicopter bearing manufacturer's serial number 41277 and United States Registration No. N804CB for one (1) AgustaWestland Philadelphia Corporation, model AW139 Helicopter bearing manufacturer's serial number 41369 and United States Registration No. N553RD (the "***Replacement U.S. Bancorp Helicopter***" and, such exchange, the "***Exchange***"). In connection with the Exchange, Era Helicopters delivered a mortgage to U.S. Bank National Association (acting through its division U.S. Bank Equipment Finance) encumbering the Replacement U.S. Bancorp Helicopter as security for its obligations under that certain Promissory Note dated as of December 1, 2015 among Era Helicopters and U.S. Bank National Association acting through its division U.S. Bank Equipment Finance (collectively, the "U.S. Bank Entities") in an amount of $5,933,188.04 and all Liens in favor of the U.S. Bank Entities on the Helicopter bearing manufacturer's serial number 41277 were released . At the request of the Borrower, effective as of September 27, 2016, the Majority Lenders hereby (or as applicable, the Administrative Agent, with the consent of the Majority Lenders, hereby) (i) consent to the Exchange and the mortgage on the Replacement U.S. Bancorp Helicopter and (ii) deem satisfied any notice requirement of Section 10.01(a)(iv)(a) solely as it relates to the Exchange.

6. Amendments to the Original Agreement. Subject to the terms and conditions of this Consent and Amendment:

A. All references to "this Agreement" or "the Agreement" in the Original Agreement shall refer and shall be deemed to refer to the Original Agreement as further amended and supplemented by this Amendment.

B. Section 1.1 (Defined Terms) of the Original Agreement is hereby modified by amending and restating the definitions of "*Change of Control*", "*Credit Facility*", "*EBITDA*", "*Initial Commitment*", "*Interest Coverage Ratio*" and "*U.S. Bancorp Helicopters*" appearing therein as follows:

"***Change of Control***" means (a) any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) becomes the beneficial owner (as defined in Rules 13d-3 and 13d-5 under the Exchange Act), directly or indirectly, of more than fifty percent (50%) of the total voting power of the Borrower or (b) the Board of Directors of the Borrower ceases to consist of a majority (excluding vacant seats) of the existing directors, directors elected, appointed or approved by the existing directors and directors elected, appointed or approved by such elected, appointed or approved directors.

"***Credit Facility***" means the sums advanced or to be advanced by the Lenders to the Borrower and the Letters of Credit to be issued by the Letter of Credit Issuers for the account of the Borrower in the initial maximum principal amount of Two Hundred Million Dollars ($200,000,000) as may be increased by the Commitment Increase all pursuant to, and subject to the terms of, this Agreement.

"***EBITDA***" means on a consolidated basis for the Borrower and its Subsidiaries, the aggregate, to be measured for the immediately prior four (4) Fiscal Quarters preceding such measuring date, of (i) operating income (reflected in financial statements prepared in accordance with GAAP and that are consistent with past practices) before deductions for interest, taxes, depreciation, amortization, impairment charges and all other charges and expenses reducing such operating income which do not represent a cash item in such period or any future period, (ii) interest income, (iii) cash distributions from companies owned fifty percent (50%) or less by the Borrower, (iv) up to Twenty Million Dollars ($20,000,000) of cash proceeds (or to the extent approved by the Administrative Agent non-cash proceeds) from any sale, transfer or other disposition of assets, provided, for purposes of calculating the Total Leverage Ratio in the definition of "Applicable Margin", the add back pursuant to this subsection (iv) shall not be limited to Twenty Million Dollars ($20,000,000) and (v) EBITDA (as determined in accordance with clauses (i) through (iv) above) from acquired companies, if any, for the immediately prior four (4) Fiscal Quarters preceding such measuring date based on audited and interim financial statements for such acquired companies.

"***Initial Commitment***" means Two Hundred Million Dollars ($200,000,000).

"***Interest Coverage Ratio***" means, on a consolidated basis for the Borrower and its Subsidiaries, on any date of determination, (a) EBITDA minus (I) dividends and distributions and (II) amounts added back to EBITDA pursuant to clause (iv) of the definition of EBITDA, divided by (b) interest expense (including interest attributable to capitalized leases), in each case in accordance with GAAP during the applicable four (4) Fiscal Quarter period ending on or immediately prior to such date.

"***U.S. Bancorp Helicopters***" means (i) one (1) AgustaWestland Philadelphia Corporation model AW139 Helicopter bearing manufacturer's serial number 41369 and United States Registration No. N553RD and (ii) one (1) EUROCOPTER model EC 225 LP Helicopter bearing manufacturer's serial number 2732 and United States Registration No. N781TC, each owned by Era Helicopters, LLC, a Delaware limited liability company and a wholly owned Subsidiary of the Borrower ("***Era Helicopters***"), which are subject to mortgages granted by Era Helicopters in favor of U.S. Bancorp Equipment Finance, Inc.

C. Section 1.1 (Defined Terms) of the Original Agreement is hereby further amended by adding the following new defined terms in the appropriate alphabetical order:

"***Amendment No. 3 Effective Date***" means October [__], 2016.

"***Capital Expenditure***" means expenditures by the Security Parties for the acquisition (including the acquisition by capitalized lease) or improvement of capital assets, as determined in accordance with GAAP, or any other acquisition of a Person or a business unit of a Person, including without limitation acquisitions of Helicopters.

"***Consolidated Cash Balance***" means, on any date of determination, the aggregate amount of Cash and Cash Equivalents of the Security Parties on a consolidated basis other than, in each case, (i) any cash set aside to pay in the ordinary course of business amounts of the Security Parties then due and owing to unaffiliated third parties and for which the Security Parties have issued checks or have initiated wires or ACH transfers in order to pay (or will issue checks or initiate wires or ACH transfers in order to pay such amounts within ten (10) Banking Days), (ii) any cash of the Security Parties constituting purchase price deposits or other contractual or legal requirements to deposit money held by an unaffiliated third party (including deposits held in escrow) in the ordinary course of business, (iii) any cash constituting insurance proceeds or net sale proceeds received by the Borrower or any of its Subsidiaries in connection with the sale of any Mortgaged Helicopters not prohibited by this Agreement or an Event of Loss with respect to any Mortgaged Helicopters that are required to be used by the Borrower to make payments in accordance with Section 5.3 and are held by the Administrative Agent or in a Pledged Deposit Account (as defined in the Security Agreement), (iv) any amounts that are held in Pledged Deposit Accounts and are not included in (iii) of this definition, (v) any Excluded Equity Proceeds held in the Excluded Proceeds Account, (vi) any Excluded Asset Disposition Proceeds held in the Excluded Proceeds Account and (vii) any amounts held as cash collateral by the Administrative Agent as required pursuant to the terms of this Agreement.

"***Excess Proceeds***" means the amount by which the Consolidated Cash Balance exceeds $40,000,000.

"***Excluded Asset Disposition Proceeds***" means the cash proceeds received by any Security Party pursuant to a sale, transfer or other disposition not prohibited under this Agreement, as such amount is certified to the Administrative Agent by the chief financial officer of the Borrower within ten (10) Banking Days of receipt thereof.

"***Excluded Equity Proceeds***" means cash proceeds from an equity contribution made to, or for the account of, or otherwise received by, any Security Party, as such amount is certified to the Administrative Agent by the chief financial officer of the Borrower within ten (10) Banking Days of receipt thereof.

"***Excluded Proceeds Account***" means a segregated deposit account or securities account established and maintained with, and subject to a deposit account control agreement or securities account control agreement, as applicable, in favor of the Administrative Agent, in each case in form and substance reasonably satisfactory to the Administrative Agent, which deposit account or securities account contains only Excluded Equity Proceeds and/or Excluded Asset Disposition Proceeds.

"***Promissory Notes***" mean (i) that certain promissory note dated as of December 1, 2015 among Era Helicopters and U.S. Bank National Association acting through its division U.S. Bank Equipment Finance in an amount of $5,933,188.04 and (ii) that certain promissory note dated as of December 20, 2015 among Era Helicopters and U.S. Bank National Association acting through its division U.S. Bank Equipment Finance in an amount of $19,035,000.00.

"***Senior Secured Debt***" means the aggregate principal amount of all Funded Debt that is secured by Liens on any assets of any Security Party except Liens that are expressly subordinated to the Liens securing the Obligations on terms reasonably acceptable to the Administrative Agent.

"***Senior Secured Leverage Ratio***" means, as of any date of determination, the ratio of (i) Senior Secured Debt as of such date to (ii) EBITDA for the applicable four (4) Fiscal Quarter period ending on or immediately prior to such date.

"***Total Leverage Ratio***" means, as of any date of determination, the ratio of (i) Funded Debt as of such date to (ii) EBITDA for the applicable four (4) Fiscal Quarter period ending on or prior to such date.

D. Section 1.1 (Defined Terms) of the Original Agreement is hereby further amended by replacing all references to the phrase "ratio of Funded Debt to EBITDA" in the body of the definition thereof and "Ratio of Funded Debt to EBITDA" in the Pricing Grid with "the Total Leverage Ratio".

E. Section 1.3 (Accounting Terms) is hereby amended by adding the following sentence to the end of such Section:

Notwithstanding anything to the contrary in this Agreement or any other Loan Document, for purposes of calculations made pursuant to the terms of this Agreement or any other Loan Document and compliance with any covenant or determination of any Event of Default or event which, with the passage of time, giving of notice or both would become an Event of Default, GAAP will be deemed to continue to treat leases (whether entered into prior to, on or after December 31, 2015) that would have been classified as operating leases in accordance with generally accepted accounting principles in the United States of America as in effect on December 31, 2015 in a manner consistent with the treatment of such leases under generally accepted accounting principles in the United States of America as in effect on December 31, 2015, unless such leases are amended or modified in a manner that would not have qualified for operating lease treatment after taking into account such amendments and modifications.

F. Section 4.2 (Further Conditions Precedent) is hereby amended by adding the following as a new subsection (e):

(e) The Consolidated Cash Balance shall not exceed $40,000,000 after giving effect to the proposed Advance or Letter of Credit issuance; provided, however, that the Security Parties may hold Excess Proceeds if (i) such excess results from the maintenance by the Security Parties of Cash and Cash Equivalents as necessary for Capital Expenditures that are reasonably anticipated to occur within ten (10) Banking Days of the relevant Drawdown Date, (ii) such Capital Expenditures are not prohibited by the terms of this Agreement and (iii) prior to such Advance or Letter of Credit issuance, the chief financial officer of the Borrower delivers a certificate to the Administrative Agent certifying that such Excess Proceeds result from the maintenance by the Security Parties of Cash and Cash Equivalents for Capital Expenditures that are reasonably anticipated to occur within ten (10) Banking Days of the relevant Drawdown Date.

G. Section 5.3 (Mandatory Prepayments) is hereby amended by adding the following as a new subsection (c):

(c) If, as of any Banking Day, the Security Parties have Excess Proceeds as of the close of business on such Banking Day, the Borrower shall within three (3) Banking Days prepay (to the extent the Security Parties shall then have any Excess Proceeds) any then-outstanding Revolving Credit Advances or Swingline Advances, in an aggregate principal amount equal to the amount of such Excess Proceeds as of such date of prepayment; provided, however, that no such prepayment shall be required in connection with the existence of any such Excess Proceeds if (i) such Excess Proceeds have resulted from the maintenance by the Security Parties of Cash and Cash Equivalents as necessary for Capital Expenditures that are reasonably anticipated to occur within ten (10) Banking Days of such Banking Day, (ii) such Capital Expenditures are not prohibited by the terms of this Agreement and (iii) the chief financial officer of the Borrower delivers a certificate to the Administrative Agent on or prior to the date a prepayment would otherwise be required hereunder certifying that such Excess Proceeds result from the maintenance by the Security Parties of Cash and Cash Equivalents for Capital Expenditures that are reasonably anticipated to occur within ten (10) Banking Days of the relevant Banking Day.

H. Section 10.1 (Covenants) of the Original Agreement is hereby modified by amending and restating subsections (a) (xvi) (Interest Coverage Ratio), (a)(xvii) (Funded Debt/EBITDA), (a)(xx) (Fair Market Value of Mortgaged Helicopters/Funded Debt), (a)(xxv) (Appraisals) and (a)(xxvi)(B)(VI) (Helicopter De-Registration Event) in their entirety with the following :

1. Interest Coverage Ratio. Maintain, on a consolidated basis, as of the last day of each Fiscal Quarter, an Interest Coverage Ratio of not less than (a) for each Fiscal Quarter ending during the period from September 30, 2016 to, but excluding December 31, 2017, 1.75 to 1.00 and (b) for each Fiscal Quarter ending on or after December 31, 2017, 1.50 to 1.00;

i. Senior Secured Leverage Ratio. Maintain, as of the last day of each Fiscal Quarter, a Senior Secured Leverage Ratio of not greater than (a) for each Fiscal Quarter ending during the period from September 30, 2016 through March 31, 2017, 3.00 to 1.00, (b) for the Fiscal Quarter ending June 30, 2017, 3.25 to 1.00 and (c) for each Fiscal Quarter ending after June 30, 2017, 3.50 to 1.00.

(xx) Fair Market Value of Mortgaged Helicopters/Committed Amount. Ensure that the ratio of (A) the sum of (i) the aggregate Fair Market Value of all Mortgaged Helicopters and (ii) the aggregate value of the Security Parties' Accounts Receivable and Inventory that are subject to Liens in favor of the Administrative Agent securing the Obligations, but no other Liens (each as determined on a consolidated basis in accordance with GAAP) to (B) Committed Amount, shall at all times equal or exceed two hundred percent (200%);

(xxv) Appraisals. The Borrower, at its expense, shall deliver an annual appraisal report in respect of all Helicopters, at the request of the Administrative Agent or any Lender, with such appraisal to be prepared by Ascend Flightglobal Consultancy or any other appraiser satisfactory to the Majority Lenders and indicating the Fair Market Value of each Helicopter; provided that, the Administrative Agent, in its sole discretion, may request up to one (1) additional appraisal report between required annual appraisals; provided, further, that with every appraisal, Borrower shall provide to the Administrative Agent updated information on all Helicopters including the type of information set forth on Schedule B-1 hereof. If a Mortgaged Helicopter becomes Collateral during the year for which an appraisal has already been provided, the Fair Market Value of such Mortgaged Helicopter shall be deemed to be the purchase price of such Mortgaged Helicopter (as evidenced by the applicable invoice or purchase agreement);

(xxvi)(B)(VI) After the De-Registration Event, the ratio of (A) the sum of (i) the aggregate Fair Market Value of all Mortgaged Helicopters and (ii) the aggregate value of the Security Parties' Accounts Receivable and Inventory that are subject to Liens in favor of the Administrative Agent securing the Obligations, but no other Liens (each as determined on a consolidated basis in accordance with GAAP) to (B) Committed Amount shall at all times equal or exceed two hundred percent (200%);

I. Section 10.1 (Covenants) of the Original Agreement is hereby modified by (I) deleting the word "and" at the end of subsection (b)(xi)(G) and (II) amending and restating (b)(xi)(E), (b)(xi)(F), (b)(xi)(H) and (b)(xvi) in their entirety, and adding new subsection (b)(xi)(I), with the following:

(xi)(E) issuance by the Borrower of unsecured Indebtedness that has a final maturity date after the Termination Date; provided that, immediately after giving effect to the incurrence of such Indebtedness and the use of the proceeds thereof on a pro forma basis, the Total Leverage Ratio shall not exceed 5.00 to 1.00;

(xi)(F) Indebtedness incurred in connection with an acquisition permitted hereunder; provided that, immediately after giving effect to the incurrence of such Indebtedness and the use of the proceeds thereof on a pro forma basis, the Total Leverage Ratio shall not exceed 5.00 to 1.00;

(xi)(H) all other Indebtedness provided the incurrence of such Indebtedness does not breach any of the covenants in Section 10.1; provided that, immediately after giving effect to the incurrence of such Indebtedness and the use of the proceeds thereof on a pro forma basis, the Total Leverage Ratio shall not exceed 5.00 to 1.00; and

(xi)(I) Indebtedness incurred under the Promissory Notes and any refinancing, replacement, renewal or refunding thereof; provided that, any such refinancing, replacement, renewal or refunding shall not (i) increase the outstanding principal amount of such Indebtedness, (ii) have a maturity date prior to such Indebtedness or amortization greater than such Indebtedness, (iii) have obligors except Security Parties that were obligors for such Indebtedness and (iv) have affirmative, negative or financial covenants that are more restrictive than any such covenant in the Promissory Notes;

(xvi) Limitations on Acquisitions. Acquire capital stock or other equity interests in other companies; provided, however, that an acquisition shall be permitted if the Borrower is in compliance with the Financial Covenants and the Total Leverage Ratio does not exceed 5.00 to 1.00, in each case immediately after giving effect to such acquisition and all other transactions related thereto on a pro forma basis. If an acquisition results in a Subsidiary of the Borrower owning Helicopters that are subject to mortgages in favor of certain lenders (other than the Lenders), the value of which exceeds 30% of the net book value (determined in accordance with GAAP) of all Helicopters owned by the Borrower and its Subsidiaries (including those acquired in such acquisition), then within one (1) year after the acquisition is effected, the Borrower shall secure releases of such mortgages such that the value of Helicopters that are owned by the Borrower and its Subsidiaries and are subject to mortgages in favor of certain lenders (other than the Lenders) shall not exceed 30% of the net book value (determined in accordance with GAAP) of all of Helicopters owned by the Borrower and its Subsidiaries; and

G. Schedule A to the Original Agreement is hereby modified by amending and restating such schedule with Schedule A hereto.

7. Conditions Precedent. The effectiveness of this Consent and Amendment is expressly subject to the satisfaction of the following conditions precedent:

a. Execution and Delivery. The Administrative Agent, the Majority Lenders (including each Lender whose Commitment is being reduced) and the Security Parties shall have executed and delivered this Consent and Amendment to the Administrative Agent;

b. Events of Default. The Administrative Agent shall be satisfied that, after giving effect to this Consent and Amendment, no Event of Default or event which, with the passage of time, giving of notice or both would become an Event of Default has occurred and is continuing; and

c. Representations and Warranties. After giving effect to this Consent and Amendment, the representations and warranties of the Security Parties contained in the Agreement, this Consent and Amendment, the Security Documents and the other Loan Documents shall be true on and as of the date of this Consent and Amendment (except for representations and warranties (if any) given as of a specified date, which representations and warranties shall have been true on and as of such specified date).

d. Payment of Fees. The Administrative Agent shall have received all fees as the Borrower has previously agreed to pay on or prior to the Amendment No. 3 Effective Date in connection with this Consent and Amendment.

e. Repayment of Advances. In the event the sum of Advances and Letter of Credit Outstandings exceed $200,000,000, all Advances shall have been reduced so that the sum of Advances and Letter of Credit Outstandings, in the aggregate, are equal to or less than $200,000,000.

f. Secretary's Certificate. The Administrative Agent shall have received, certificates, executed by the secretary or assistant secretary of each Security Party on behalf of such Security Party, certifying, among other things, (A) that attached to such certificate are (1) true and complete copies of the certificate or articles of incorporation or certificate or articles of formation, as applicable, and bylaws or operating agreement, as applicable, of such Security Party then in full force and effect, (2) true and complete copies of the resolutions then in full force and effect adopted by the board of directors of such Security Party authorizing and ratifying the execution, delivery and performance by such Security Party of this Consent and Amendment, (3) a certificate of good standing from the secretary of state of the state under whose laws such Security Party was incorporated, (B) the name(s) of the responsible persons of such Security Party authorized to execute this Amendment on behalf of such Security Party, together with incumbency samples of the true signatures of such responsible persons, and (C) that Administrative Agent and the Lenders may conclusively rely on such certificate.

8. Expenses. The Borrower shall pay promptly to the Administrative Agent all reasonable and documented costs and expenses (including the reasonable and documented legal fees and expenses of King & Spalding and one aircraft counsel) of the Administrative Agent for the preparation and/or execution of this Consent and Amendment and any documents prepared and/or executed in connection herewith.

9. No Other Amendment; Loan Document. Except as expressly consented to under and amended and supplemented by this Consent and Amendment, all other terms and conditions of the Original Agreement shall remain in full force and effect and the Original Agreement shall be read and construed as

if the terms of this Consent and Amendment were included therein by way of addition or substitution, as the case may be. The execution, delivery and effectiveness of this Consent and Amendment shall not, except as expressly provided herein (including, for the avoidance of doubt, in such exception any event or occurrence that has been expressly consented to by the Majority Lenders hereunder or any requirement expressly deemed satisfied hereby by the Majority Lenders), operate as a waiver of any right, power or remedy of the Lenders under the Original Agreement, nor constitute a waiver of any provision of the Original Agreement. This Consent and Amendment shall constitute a Loan Document for all purposes of the Agreement.

10. Other Documents. Upon the effectiveness of this Consent and Amendment, each of the Security Parties and the Creditors hereby consents and agrees that all references in the Security Documents to the "Credit Agreement" shall refer and shall be deemed to refer to the Original Agreement as amended and supplemented by this Amendment. By the execution and delivery of this Consent and Amendment, each Security Party hereby consents and agrees that the Security Documents and any other documents that have been or may be executed as security for the Obligations shall remain in full force and effect notwithstanding the consents and amendments contemplated hereby. Without limiting the foregoing, (i) each Guarantor acknowledges that, notwithstanding anything to the contrary contained herein, or any actions now or hereafter taken by the Lenders with respect to any obligation of the Borrower in connection with the Agreement, the Guaranty (A) is and shall continue to be a primary obligation of such Guarantor, (B) is and shall continue to be an absolute, unconditional, joint and several, continuing and irrevocable guaranty of payment and (C) is and shall continue to be in full force and effect in accordance with its terms and (ii) nothing contained herein to the contrary shall release, discharge, modify, change or affect the original liability of the Guarantors under the Guaranty.

11. No Novation. This Consent and Amendment is not intended by the parties to be, and shall not be construed to be, a novation of the Original Agreement or an accord and satisfaction in regard thereto.

12. Governing Law. This Consent and Amendment shall be governed by, and construed in accordance with, the laws of the State of New York.

13. Further Assurances. Each Security Party hereby consents and agrees that if this Consent and Amendment or any of the Security Documents shall at any time be or be deemed by the Administrative Agent for any reason insufficient, in whole or in part, to carry out the true intent and spirit hereof or thereof, it will execute or cause to be executed such other and further assurances and documents as in the reasonable opinion of the Administrative Agent may be reasonably required in order more effectively to accomplish the purposes of this Consent and Amendment and the Security Documents.

14. Counterparts. This Consent and Amendment may be executed in as many counterparts as may be deemed necessary or convenient, and by the different parties hereto on separate counterparts each of which, when so executed, shall be deemed to be an original but all such counterparts shall constitute but one and the same agreement. Delivery of an executed counterpart of this Consent and Amendment by facsimile transmission or by electronic mail in pdf form shall be as effective as delivery of a manually executed counterpart hereof.

15. Headings. In this Consent and Amendment, section headings are inserted for convenience of reference only and shall be ignored in the interpretation of this Consent and Amendment.

[*remainder of page intentionally left blank*]

IN WITNESS WHEREOF, each of the parties hereto has executed this Consent and Amendment by its duly authorized representative on the day and year first above written.

ERA GROUP INC.,
as Borrower

By__________
Name:
Title:

ERA HELICOPTERS, LLC,
as a Guarantor

By:__________
Name:
Title:

ERA AERÓLEO LLC,
AEROLEO INTERNACIONAL, LLC,
ERA DHS LLC,
ERA LEASING LLC,
ERA MED LLC,
ERA AUSTRALIA LLC
ERA DO BRAZIL LLC,
each as a Guarantor

By:__________
Name:
Title:

SUNTRUST BANK,
as Administrative Agent and a Lender

By__________
Name:
Title:

[__________________________],
as a Lender

By___________
Name:
Title:

SCHEDULE A

THE LENDERS AND THEIR COMMITMENTS

[see attached]

Exhibit 31.1

CERTIFICATION

I, Christopher S. Bradshaw, certify that:

1. I have reviewed this quarterly report on Form 10−Q of Era Group Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a−15(e) and 15d−15(e)) for the registrant and have:
   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and
   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 1, 2016

/s/ Christopher S. Bradshaw

Name: Christopher S. Bradshaw
Title: President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION

I, Andrew L. Puhala, certify that:

1. I have reviewed this quarterly report on Form 10−Q of Era Group Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a−15(e) and 15d−15(e)) for the registrant and have:
   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and
   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions:
   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 1, 2016

/s/ Andrew L. Puhala

Name: Andrew L. Puhala
Title: Senior Vice President, Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

CERTIFICATION
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED BY SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Christopher S. Bradshaw, as Principal Executive Officer of Era Group Inc. (the “Company”), certify, pursuant to 18 U.S.C. § 1350, as adopted by Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) the accompanying Quarterly Report on Form 10-Q for the period ending September 30, 2016, as filed with the U.S. Securities and Exchange Commission (the “*Report*”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 1, 2016

/s/ Christopher S. Bradshaw

Name: Christopher S. Bradshaw
Title: President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 32.2

CERTIFICATION
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED BY SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Andrew L. Puhala, as Principal Financial Officer of Era Group Inc. (the "Company"), certify, pursuant to 18 U.S.C. § 1350, as adopted by Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) the accompanying Quarterly Report on Form 10-Q for the period ending September 30, 2016, as filed with the U.S. Securities and Exchange Commission (the "*Report*") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 1, 2016

/s/ Andrew L. Puhala

Name: Andrew L. Puhala
Title: Senior Vice President, Chief Financial Officer
(Principal Financial Officer)