GLOWPOINT, INC.
Form SC 13D
August 16, 2013

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

SCHEDULE 13D
(Rule 13d-101)

INFORMATION TO BE INCLUDED IN STATEMENTS FILED PURSUANT TO § 240.13d-1(a) AND AMENDMENTS THERETO FILED PURSUANT TO § 240.13d-2(a)

(Amendment No.)1

GLOWPOINT, INC.
(Name of Issuer)

Common Stock, Par Value $0.0001 Per Share
(Title of Class of Securities)

379887201
(CUSIP Number)

Jason B. Beauvais
Senior Vice President, General Counsel,
Chief Compliance Officer and Secretary
Main Street Capital Corporation
1300 Post Oak Boulevard
Houston, Texas 77056
(713) 350-6000
(Name, Address and Telephone Number of Person
Authorized to Receive Notices and Communications)

August 9, 2013
(Date of Event Which Requires Filing of This Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition that is the subject of this Schedule 13D, and is filing this schedule because of §§ 240.13d-1(e), 240.13d-1(f) or 240.13d-1(g), check the following box ¨.

Note: Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. See § 240.13d-7 for other parties to whom copies are to be sent.

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1 The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

The information required on the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

CUSIP NO. 379887201

1	NAME OF REPORTING PERSON GP Investment Holdings, LLC		
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP		(a) o (b) o
3	SEC USE ONLY		
4	SOURCE OF FUNDS WC		
5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) OR 2(e)		¨
6	CITIZENSHIP OR PLACE OF ORGANIZATION Delaware		
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER -0-	
	8	SHARED VOTING POWER 15,276,138	
	9	SOLE DISPOSITIVE POWER -0-	
	10	SHARED DISPOSITIVE POWER 15,276,138	
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 15,276,138		
12	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES		o
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) 43.6% (1)		
14	TYPE OF REPORTING PERSON OO – limited liability company		

(1) The ownership percentages set forth herein are calculated based upon 35,051,222 shares of Common Stock outstanding, which includes (i) 28,717,889 shares outstanding as of May 7, 2013, and (ii) the issuance on August 9, 2013 of an additional 6,333,333 shares of Common Stock upon conversion of outstanding shares of the Issuer's Series B-1 Preferred Stock.

CUSIP NO. 379887201

1	NAME OF REPORTING PERSON Robert M. Shuford		
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP		(a) o (b) o
3	SEC USE ONLY		
4	SOURCE OF FUNDS AF		
5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) OR 2(e)		¨
6	CITIZENSHIP OR PLACE OF ORGANIZATION United States		
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER -0-	
	8	SHARED VOTING POWER 15,276,138 (1)	
	9	SOLE DISPOSITIVE POWER -0-	
	10	SHARED DISPOSITIVE POWER 15,276,138 (1)	
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 15,276,138 (1)		
12	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES		o
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) 43.6% (2)		
14	TYPE OF REPORTING PERSON IN		

(1) Robert M. Shuford, as one of the two members of the board of managers and the Chief Executive Officer of GP Investment Holdings, LLC, may be deemed to share voting and investment power with the other Reporting Persons with respect to the shares owned directly by of GP Investment Holdings, LLC. Robert M. Shuford disclaims beneficial ownership of all such shares.

(2) The ownership percentages set forth herein are calculated based upon 35,051,222 shares of Common Stock outstanding, which includes (i) 28,717,889 shares outstanding as of May 7, 2013, and (ii) the issuance on August 9,

2013 of an additional 6,333,333 shares of Common Stock upon conversion of outstanding shares of the Issuer's Series B-1 Preferred Stock.

CUSIP NO. 379887201

1	NAME OF REPORTING PERSON Brian Pessin		
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP		(a) o (b) o
3	SEC USE ONLY		
4	SOURCE OF FUNDS AF		
5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) OR 2(e)		¨
6	CITIZENSHIP OR PLACE OF ORGANIZATION United States		
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER -0-	
	8	SHARED VOTING POWER 15,276,138 (1)	
	9	SOLE DISPOSITIVE POWER -0-	
	10	SHARED DISPOSITIVE POWER 15,276,138 (1)	
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 15,276,138 (1)		
12	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES		o
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) 43.6% (2)		
14	TYPE OF REPORTING PERSON IN		

(1) Brian Pessin, as one of the two members of the board of managers and the President of GP Investment Holdings, LLC, and as the owner of approximately 3.9% of the limited liability company interests of GP Investment Holdings, LLC, may be deemed to share voting and investment power with the other Reporting Persons with respect to the shares owned directly by of GP Investment Holdings, LLC. Brian Pessin disclaims beneficial ownership of such shares.

(2) The ownership percentages set forth herein are calculated based upon 35,051,222 shares of Common Stock outstanding, which includes (i) 28,717,889 shares outstanding as of May 7, 2013, and (ii) the issuance on August 9, 2013 of an additional 6,333,333 shares of Common Stock upon conversion of outstanding shares of the Issuer's Series B-1 Preferred Stock.

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CUSIP NO. 379887201

1	NAME OF REPORTING PERSON Main Street Capital Corporation		
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP		(a) o (b) o
3	SEC USE ONLY		
4	SOURCE OF FUNDS WC, AF		
5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) OR 2(e)		¨
6	CITIZENSHIP OR PLACE OF ORGANIZATION Maryland		
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER 7,345 (1)	
	8	SHARED VOTING POWER 15,342,241 (1)	
	9	SOLE DISPOSITIVE POWER 7,345 (1)	
	10	SHARED DISPOSITIVE POWER 15,342,241 (1)	
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 15,349,586 (1)		
12	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES		o
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) 43.8% (2)		
14	TYPE OF REPORTING PERSON CO		

(1) Main Street Capital Corporation, as the owner of 50% of the limited liability company interests of GP Investment Holdings, LLC, may be deemed to share voting and investment power with the other Reporting Persons with respect to the shares owned directly by of GP Investment Holdings, LLC. Main Street Capital Corporation disclaims beneficial ownership of such shares. Main Street Capital Corporation directly owns 7,345 shares of Common Stock that are not held by GP Investment Holdings, LLC. Main Street Mezzanine Fund LP and Main Street Capital II, LP, subsidiaries of Main Street Capital Corporation, directly own 47,741 and 18,362 shares of Common Stock, respectively, that are not held by GP Investment Holdings, LLC. Main Street Capital Corporation may be deemed to

share voting and investment power with respect to the 47,741 shares of Common Stock owned by Main Street Mezzanine Fund LP and the 18,362 shares of Common Stock owned by Main Street Capital II, LP. Main Street Capital Corporation disclaims beneficial ownership of such shares.

(2) The ownership percentages set forth herein are calculated based upon 35,051,222 shares of Common Stock outstanding, which includes (i) 28,717,889 shares outstanding as of May 7, 2013, and (ii) the issuance on August 9, 2013 of an additional 6,333,333 shares of Common Stock upon conversion of outstanding shares of the Issuer's Series B-1 Preferred Stock.

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CUSIP NO. 379887201

1	NAME OF REPORTING PERSON Sandra and Norman Pessin JTWROS		
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP		(a) o (b) o
3	SEC USE ONLY		
4	SOURCE OF FUNDS AF		
5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) OR 2(e)		¨
6	CITIZENSHIP OR PLACE OF ORGANIZATION United States		
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER -0-	
	8	SHARED VOTING POWER 15,276,138 (1)	
	9	SOLE DISPOSITIVE POWER -0-	
	10	SHARED DISPOSITIVE POWER 15,276,138 (1)	
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 15,276,138 (1)		
12	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES		o
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) 43.6% (2)		
14	TYPE OF REPORTING PERSON IN		

(1) Sandra and Norman Pessin JTWROS, as the owner of approximately 46.1% of the limited liability company interests of GP Investment Holdings, LLC, may be deemed to share voting and investment power with the other Reporting Persons with respect to the shares owned directly by of GP Investment Holdings, LLC. Sandra and Norman Pessin JTWROS disclaim beneficial ownership of such shares.

(2) The ownership percentages set forth herein are calculated based upon 35,051,222 shares of Common Stock outstanding, which includes (i) 28,717,889 shares outstanding as of May 7, 2013, and (ii) the issuance on August 9,

2013 of an additional 6,333,333 shares of Common Stock upon conversion of outstanding shares of the Issuer’s Series B-1 Preferred Stock.

CUSIP NO. 379887201

Item 1. Security and Issuer.

This statement on Schedule 13D (this "Schedule 13D") relates to the common stock, par value $0.0001 per share ("Common Stock"), of Glowpoint, Inc., a Delaware corporation (the "Issuer"). The principal executive offices of the Issuer are located at 430 Mountain Avenue, Suite 301, Murray Hill, NJ 07974.

Item 2. Identity and Background.

(a) Name: This Schedule 13D is being filed on behalf of:

(1) GP Investment Holdings, LLC, a Delaware limited liability company ("GP Investment"). The principal business of GP Investment is to hold shares of the Issuer for investment purposes.

(2) Robert M. Shuford, who is one of the two members of the board of managers and the Chief Executive Officer of GP Investment.

(3) Brian Pessin, who is one of the two members of the board of managers and the President of GP Investment.

(4) Main Street Capital Corporation, a Maryland corporation ("MSCC"). The principal business of MSCC is to act as a principal investment firm primarily focused on providing customized debt and equity financing to lower middle market companies and debt capital to middle market companies.

MSCC owns 50% of the limited liability company interests of GP Investment and may be deemed to beneficially own securities beneficially owned by GP Investment.

and;

(5) Sandra and Norman Pessin JTWROS. The principal occupation of each of Sandra Pessin and Norman Pessin is housewife and investor, respectively.

Brian Pessin and Sandra and Norman Pessin JTWROS own 3.9% and 46.1%, respectively, of the limited liability company interests of GP Investment and may be deemed to beneficially own securities beneficially owned by GP Investment.

GP Investment, Robert M. Shuford, Brian Pessin, MSCC and Sandra and Norman Pessin JTWROS are collectively referred to as the "Reporting Persons". The Reporting Persons have entered into a Joint Filing Agreement, dated as of August 16, 2013, a copy of which is attached as Exhibit 99.4 to this Schedule 13D.

(b) Business Address:

(1) The business address of GP Investment and MSCC is 1300 Post Oak Boulevard, Suite 800, Houston, Texas 77056.

(2) The business address and principal occupation of Robert M. Shuford is set forth on Schedule 1 hereto.

(3) The business address and principal occupation of Brian Pessin is set forth on Schedule 1 hereto.

(4) The business address of Sandra and Norman Pessin JTWROS is 366 Madison Avenue, 14th Floor, New York, NY 10017.

(c) Executive Officers, Directors, Managers and Control Persons:

(1) Set forth on Schedule 1 and incorporated herein by reference is the name and present principal occupation or employment, and the name, principal business and address of any corporation or other organization in which such employment is conducted, of each of the executive officers and managers of GP Investment as of the date hereof.

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(2) In accordance with the provisions of General Instruction C to Schedule 13D, Schedule 2 attached to this Schedule 13D and incorporated herein by reference provides information with respect to (i) each executive officer, director and manager, as applicable, of MSCC; (ii) each person controlling MSCC; and (iii) each executive officer and director of any corporation or other person ultimately in control of MSCC.

(d) Criminal Proceedings:

(1) Neither GP Investment nor, to the knowledge of GP Investment, any person identified on Schedule 1 attached hereto has been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors) during the last five years.

(2) Robert M. Shuford has not been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors) during the last five years.

(3) Brian Pessin has not been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors) during the last five years.

(4) Neither MSCC nor, to the knowledge of MSCC, any person identified on Schedule 2 attached hereto has been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors) during the last five years.

(5) Neither Sandra Pessin nor Norman Pessin have been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors) during the last five years.

(e) Civil Proceedings:

(1) Neither GP Investment nor, to the knowledge of GP Investment, any person identified on Schedule 1 attached hereto, during the last five years has been a party to a civil proceeding of a judicial or administrative body of competent jurisdiction and as a result of such proceeding was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws or finding any violation with respect to such laws.

(2) Robert M. Shuford, during the last five years, has not been a party to a civil proceeding of a judicial or administrative body of competent jurisdiction and as a result of such proceeding was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws or finding any violation with respect to such laws.

(3) Brian Pessin, during the last five years, has not been a party to a civil proceeding of a judicial or administrative body of competent jurisdiction and as a result of such proceeding was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws or finding any violation with respect to such laws.

(4) Neither MSCC nor, to the knowledge of MSCC, any person identified on Schedule 2 attached hereto, during the last five years has been a party to a civil proceeding of a judicial or administrative body of competent jurisdiction and as a result of such proceeding was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws or finding any violation with respect to such laws.

(5) Neither Sandra Pessin nor Norman Pessin, during the last five years have been a party to a civil proceeding of a judicial or administrative body of competent jurisdiction and as a result of such proceeding was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws or finding any violation with respect to such laws.

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(f) Citizenship:

(1) The managers and executive officers of GP Investment identified on Schedule 1 attached hereto (including Robert Shuford and Brian Pessin) are citizens of the United States unless otherwise noted on Schedule1.

(2) The natural persons identified on Schedule 2 hereto are citizens of the United States unless otherwise noted on Schedule 2.

Item 3. Source and Amount of Funds or Other Consideration.

Pursuant to the Stock Purchase Agreement, effective as of August 9, 2013, by and between Vicis Capital Master Fund ("Vicis") and GP Investment (the "Stock Purchase Agreement"), GP Investment acquired (i) 8,942,805 shares of Common Stock owned by Vicis and (ii) 95 shares of Series B-1 Preferred Stock of the Issuer (the "Preferred Stock") owned by Vicis for an aggregate purchase price of $7,500,000. Such shares were acquired with the working capital of GP Investment. The funds used by GP Investment to purchase the Common Stock and Preferred Stock were provided by the members of GP Investment in the following amounts:

Reporting Person	Funds Provided
Main Street Capital Corporation	$3,800,000
Sandra and Norman Pessin JTWROS	$3,500,000
Brian Pessin	$300,000

The foregoing description of the Stock Purchase Agreement is qualified in its entirety by reference to the full and complete text of the Stock Purchase Agreement, which is filed herewith as Exhibit 99.1 and incorporated herein by reference.

The Preferred Stock was subsequently converted to 6,333,333 shares of Common Stock, resulting in total ownership of 15,276,138 shares (the "Shares") by GP Investment.

MSCC, Main Street Capital II, LP and Main Street Mezzanine Fund LP received 7,345,18,362, and 47,741 shares of Common Stock, respectively, in consideration for their respective interests in Affinity VideoNet, Inc. ("Affinity") pursuant to an Agreement and Plan of Merger, dated August 12, 2012, by and among the Issuer, GPAV Merger Sub, Inc., and Affinity, filed as Exhibit 2.1 of the Issuer's Current Report on Form 8-K dated August 12, 2012.

Item 4. Purpose of Transaction.

The Reporting Persons purchased the Shares reported herein based on the Reporting Persons' belief that the Shares, when purchased, were undervalued and represented an attractive investment opportunity. The Reporting Persons do not have any specific plans or proposals as of the date of this Schedule 13D to purchase additional Common Stock or dispose of the Shares. The Reporting Persons may in the future make additional purchases of Common Stock or dispose of all or a portion of the Shares reported as beneficially owned in this Schedule 13D, either in the open market or in privately negotiated transactions depending on the Reporting Persons' and the Issuer's business, prospects, financial condition, the market for the Common Stock, general economic conditions, capital market conditions and other future developments.

No Reporting Person has, as of the date of the filing of this Schedule 13D, any plans or proposals that relate to or would result in:

(a) The acquisition by any person of additional securities of the Issuer, or the disposition of securities of the Issuer;

(b) An extraordinary corporate transaction, such as a merger, reorganization or liquidation, involving the Issuer or any of its subsidiaries;

(c) A sale or transfer of a material amount of assets of the Issuer or of any of its subsidiaries;

(d) Any change in the present board of directors or management of the Issuer, including any plans or proposals to change the number or term of directors or to fill any existing vacancies on the board;

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(e) Any material change in the present capitalization or dividend policy of the Issuer;

(f) Any other material change in the Issuer's business or corporate structure;

(g) Changes in the Issuer's charter, bylaws or instruments corresponding thereto or other actions which may impede the acquisition of control of the Issuer by any person;

(h) A class of securities of the Issuer being delisted from a national securities exchange or ceasing to be authorized to be quoted in an interdealer quotation system of a registered national securities association;

(i) A class of equity securities of the Issuer becoming eligible for termination of registration pursuant to Section 12(g)(4) of the Act; or

(j) Any action similar to any of those enumerated in items (a)-(i) above.

The Reporting Persons intend to review their investment in the Issuer on a continuing basis. In determining from time to time whether to sell the Shares reported as beneficially owned in this Schedule 13D (and in what amounts), to retain such securities or to acquire additional securities, the Reporting Persons intend to take into consideration such factors as they deem relevant, including the business and prospects of the Issuer, anticipated future developments concerning the Issuer, existing and anticipated market conditions from time to time, changes in law and government regulations; general economic conditions, regulatory matters and other opportunities available to the Reporting Persons. The Reporting Persons reserve the right to acquire additional securities of the Issuer in the open market, in privately negotiated transactions (which may be with the Issuer or with third parties) or otherwise, to dispose of all or a portion of their holdings of securities of the Issuer or to change their intention with respect to any or all of the matters referred to in this Item 4.

Item 5. Interest in Securities of the Issuer.

The ownership percentages set forth herein are calculated based upon 35,051,222 shares of Common Stock outstanding, which includes (i) 28,717,889 shares outstanding as of May 7, 2013, and (ii) the issuance on August 9, 2013 of an additional 6,333,333 shares of Common Stock upon conversion of outstanding shares of the Issuer's Series B-1 Preferred Stock.

(a) As of the date hereof, GP Investment directly owned 15,276,138 shares of Common Stock, representing approximately 43.6% of the shares of Common Stock outstanding. By virtue of the relationships described in further detail in Item 2, each of MSCC, Robert M. Shuford, Brian Pessin and Sandra and Norman Pessin JTWROS may be deemed to beneficially own the shares of Common Stock owned directly by GP Investment. Each of MSCC, Robert M. Shuford, Brian Pessin and Sandra and Norman Pessin JTWROS disclaims beneficial ownership of such shares.

As of the date hereof, MSCC directly owned 7,345 shares of the Common Stock, representing less than 1% of the shares of Common Stock outstanding. MSCC may be deemed to beneficially own an additional 47,741 and 18,362 shares of Common Stock, representing less than 1% of the shares of Common Stock outstanding, held by Main Street Mezzanine Fund LP and Main Street Capital II, LP, respectively. Main Street Mezzanine Fund LP and Main Street Capital II, LP are subsidiaries of MSCC. MSCC disclaims beneficial ownership of such shares.

(b) GP Investment may be deemed to share with MSCC, Robert M. Shuford, Brian Pessin and Sandra and Norman Pessin JTWROS the power to vote and dispose of the Common Stock directly owned by GP Investment.

MSCC may be deemed to share with Main Street Mezzanine Fund LP and Main Street Capital II, LP, subsidiaries of MSCC, the power to vote and dispose of the Common Stock directly owned by Main Street Mezzanine Fund LP and Main Street Capital II, LP. MSCC has sole power to vote and dispose of the shares of Common Stock it owns directly.

(c) As described in further detail in Item 3, on August 9, 2013 GP Investment acquired (i) 8,942,805 shares of Common Stock and (ii) 95 shares of Series B-1 Preferred Stock of the Issuer for a purchase price of approximately $0.49 per share on an as-converted-basis, in a private transaction. On August 9, 2013, the Preferred Stock was converted to 6,333,333 shares of Common Stock, resulting in total ownership of 15,276,138 shares of Common Stock. There were no other transactions effected by the Reporting Persons in the Common Stock during the past 60 days.

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(d) No person other than the Reporting Persons is known to have the right to receive, or the power to direct the receipt of dividends from, or proceeds from the sale of, the share of Common Stock.

(e) Not applicable.

Item 6. Contracts, Arrangements, Understandings or Relationships with Respect to Securities of the Issuer.

Stock Purchase Agreement

As described in Item 3 above, pursuant to the Stock Purchase Agreement, GP Investment acquired the Shares from Vicis.

The description herein of the Stock Purchase Agreement is qualified in its entirety by reference to the full and complete text of the Stock Purchase Agreement, which is filed herewith as Exhibit 99.1 and incorporated herein by reference.

Limited Liability Company Agreement

MSCC, Brian Pessin and Sandra and Norman Pessin JTWROS formed GP Investment pursuant to the Limited Liability Company Agreement of GP Investment Holdings, LLC, dated and effective as of August 5, 2013 (the "Limited Liability Company Agreement") for the purpose of acquiring and holding the Shares for investment. The foregoing description of the Limited Liability Company Agreement is qualified in its entirety by reference to the full and complete text of the Limited Liability Company Agreement, which is filed herewith as Exhibit 99.2 and incorporated herein by reference.

Registration Rights Agreement

GP Investment and the Issuer entered into a Registration Rights Agreement, dated as of August 9, 2013 (the "Registration Rights Agreement"), whereby, among other things, the Issuer agreed to effect a registration statement with the Securities and Exchange Commission covering the 6,333,333 received in connection with the conversion of the Preferred Stock and GP Investment agreed not to sell the Shares for up to 365 days, with certain exceptions. The foregoing description of the Registration Rights Agreement is qualified in its entirety by reference to the full and complete text of the Registration Rights Agreement, which is filed herewith as Exhibit 99.3 and incorporated herein by reference.

Joint Filing Agreement

On August 16, 2013, the Reporting Persons entered into a Joint Filing Agreement in which the Reporting Persons agreed to the joint filing on behalf of each of them of statements on Schedule 13D with respect to the securities of the Issuer. A copy of this agreement is attached as Exhibit 99.4 hereto and is incorporated herein by reference.

Other than as described herein, none of the Reporting Persons is a party to any contracts, arrangements, understandings or relationships (legal or otherwise) with respect to any securities of Issuer, including but not limited to transfer or voting of any of the securities, finder's fees, joint ventures, loan or option arrangements, puts or calls, guarantees of profit, division of profits or losses, or the giving or withholding of proxies.

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Item 7. Material to be Filed as Exhibits.

Exhibit No.	Document
99.1	Stock Purchase Agreement, effective as of August 9, 2013, by and between Vicis Capital Master Fund and GP Investment Holdings, LLC.
99.2	Limited Liability Company Agreement of GP Investment Holdings, LLC, dated and effective as of August 5, 2013.
99.3	Registration Rights Agreement, effective as of August 9, 2013, by and between Glowpoint, Inc. and GP Investment Holdings, LLC.
99.4	Joint Filing Agreement, dated as of August 16, 2013, among GP Investment Holdings, LLC, Robert M. Shuford, Brian Pessin, Main Street Capital Corporation and Sandra and Norman Pessin JTWROS.

CUSIP NO. 379887201

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

GP INVESTMENT HOLDINGS, LLC

By:	/s/ Robert M. Shuford	
Name:		Robert M. Shuford
Title:		Chief Executive Officer
By:	/s/ Brian Pessin	
Name:		Brian Pessin
Title:		President

Dated: August 16, 2013

CUSIP NO. 379887201

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

/s/ Robert M. Shuford
Name: Robert M. Shuford

Dated: August 16, 2013

CUSIP NO. 379887201

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

/s/ Brian Pessin
Name: Brian Pessin

Dated: August 16, 2013

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CUSIP NO. 379887201

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

MAIN STREET CAPITAL CORPORATION

By:	/s/ Robert M. Shuford	
Name:		Robert M. Shuford
Title:		Managing Director

Dated: August 16, 2013

CUSIP NO. 379887201

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

SANDRA AND NORMAN PESSIN JTWROS

/s/ Sandra Pessin
Name: Sandra Pessin

/s/ Norman Pessin
Name: Norman Pessin

Dated: August 16, 2013

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SCHEDULE 1

EXECUTIVE OFFICERS AND MANAGERS OF GP INVESTMENT HOLDINGS, LLC

Executive Officers of GP Investment Holdings, LLC

Name	Position
Robert M. Shuford	Chief Executive Officer
Brian Pessin	President

Individuals named in the table above are employed as listed in table below. The address of the principal executive offices of GP Investment Holdings, LLC is 1300 Post Oak Boulevard, Suite 800, Houston, Texas 77056.

Managers of GP Investment Holdings, LLC

Name	Present Principal Occupation or Employment	Name, Principal Business and Address of Organization in which Employed
Robert M. Shuford	Managing Director	Main Street Capital Corporation 1300 Post Oak Boulevard, Suite 800 Houston, Texas 77056
Brian Pessin	Self-employed	366 Madison Avenue, 14th Floor New York, NY 10017

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SCHEDULE 2

EXECUTIVE OFFICERS, DIRECTORS AND CONTROL PERSONS
OF MAIN STREET CAPITAL CORPORATION

The name and present principal address of each executive officer and director of each of Main Street Capital Corporation, each person controlling Main Street Capital Corporation, and each executive officer and director of any corporation or other person ultimately in control of Main Street Capital Corporation are set forth below. Unless otherwise noted, the business address for each person listed below as an officer or director of Main Street Capital Corporation is c/o Main Street Capital Corporation, 1300 Post Oak Boulevard, Suite 800, Houston, Texas 77056. All executive officers, directors, and controlling persons listed are United States citizens.

Name and Business Address (if applicable)	Principal Occupation and Principal Business (if applicable)
Directors	
Michael Appling, Jr.	CEO, TNT Crane & Rigging, Inc. 925 S Loop W Houston, TX 77054
Joseph E. Canon	Executive VP, Dodge Jones Foundation 400 Pine St Abilene, TX 79601
Arthur L. French	Advisor to LKCM Capital Group 301 Commerce St #1600 Fort Worth, TX 76102
J. Kevin Griffin	Senior VP of Financial Planning & Analysis, Novant Health 2085 Frontis Plaza Blvd Winston-Salem, NC 27103
John E. Jackson	CEO, Spartan Energy Partners 24 Waterway Avenue, Suite 850 The Woodlands, TX 77380
Vincent D. Foster	Chairman of the Board, CEO and President, Main Street Capital Corporation
Officers	
Vincent D. Foster	Chairman of the Board, President and Chief Executive Officer
Dwayne L. Hyzak	Chief Financial Officer, Senior Managing Director and Treasurer
Curtis L. Hartman	Chief Credit Officer and Senior Managing Director
David L. Magdol	Chief Investment Officer and Senior Managing Director
Rodger A. Stout	Executive Vice President
Jason B. Beauvais	Senior Vice President, General Counsel, Chief Compliance Officer and Secretary
Nicholas T. Meserve	Managing Director
Robert M. Shuford	Managing Director
Shannon D. Martin	Vice President, Chief Accounting Officer and Assistant Treasurer

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138

288

9
EC145

2

—

2

9

150

336

9
BK117

—

2

2

9

150

336

n/a
BO105

3

—

3

4

138

276

28

25

4

29

Light—single engine:

A119

14

—

14

7

161

270

11
AS350

26

—

26

5

138

361

21

40

—

40

Total Fleet

128

4

132

13

(1) In typical configuration for our operations.
(2) Reflects the average age of helicopters that are owned by us.

The management of our fleet involves a careful evaluation of the expected demand for helicopter services across global markets and the types of helicopters needed to meet this demand. As offshore oil and gas exploration, development and production globally moves to deeper water, more heavy and medium helicopters and newer technology helicopters may be required. Our orders and options to purchase helicopters are primarily for heavy helicopters. These capital commitments reflect our effort to meet customer demand for helicopters suitable for the deepwater market.

Heavy and medium helicopters fly longer distances at higher speeds and can carry heavier payloads than light helicopters and are usually equipped with sophisticated avionics permitting them to operate in more demanding weather conditions and difficult climates. Heavy and medium helicopters are most commonly used for crew changes on large offshore production facilities and drilling rigs servicing the oil and gas industry.

In the U.S., we provide and operate helicopters under contracts using a Federal Aviation Administration ("FAA") issued Part 135 Air Operator's Certificate ("AOC") for a variety of activities, primarily offshore oil and gas exploration, development and production, emergency response services, utility services and until recently provided flightseeing tours. For operating contracts, we are required to provide a complete support package including flight crews, helicopter maintenance and management of flight operations.

In international markets, local regulatory requirements may require us to conduct our operations using another operator's AOC through strategic alliances with foreign partners or through non-wholly owned entities with local shareholders. When we lease helicopters to customers that operate them on their AOC, our customers generally handle all the operational support except where our contracts require us to provide limited operational support, which may consist of helicopter maintenance, logistical support, personnel and/or training.

Markets

Our current principal markets for our transportation and emergency response services to the offshore oil and gas exploration, development and production industry are in the U.S. Gulf of Mexico, Brazil, Suriname, Colombia and Alaska. In addition, we currently have customers in Argentina, the Dominican Republic and India.

Demand for helicopters in support of offshore oil and gas exploration, development and production, both in the U.S. and internationally, is affected by the level of offshore exploration and drilling activities. Activity levels in the offshore oil and gas industry, in turn, are affected by prevailing oil and gas prices, expectations about future prices, price volatility and long-term trends in oil and gas prices. Historically, the prices for oil and gas and, consequently, the level of activity in the offshore oil and gas industry, have been volatile and subject to wide fluctuations in response to changes in the supply of and demand for oil and gas, market uncertainty and a variety of additional factors beyond our control, such as:

- customer assessments of offshore drilling prospects compared with land-based opportunities, including oil sands and shale formations;
- customer assessments of cost, geological opportunity and political stability in host countries;
- worldwide supply of and demand for oil and natural gas;
- the price and availability of alternative fuels;
- the ability of The Organization of Petroleum Exporting Countries (“OPEC”) to set and maintain production levels and pricing;
- the level of production of non-OPEC countries;
- the relative exchange rates for the U.S. dollar; and
- various U.S. and international government policies regarding exploration and development of oil and gas reserves.

U.S. Markets. We are one of the largest suppliers of helicopter services in the U.S. Gulf of Mexico, which is a major offshore oil and gas exploration, development and production region and one of the largest oil and gas aviation markets in the world. We operate from 11 bases in this region. Our client base in the U.S. Gulf of Mexico consists primarily of international, independent and major integrated oil and gas companies and the U.S. government. In addition to the quality and location of our operating bases, our strengths in this region include our advanced proprietary flight-following systems, our maintenance operations and our emergency response services.

We have two operating bases in Alaska, where we provide support for independent and major integrated oil and gas companies along the North Slope, and support for inland utility operations. Despite the remote location of our Alaskan bases, they are strategically located to provide services to our customers. These bases frequently include crew accommodations, hangars and fuel systems, all of which can be otherwise difficult or expensive to secure and maintain in such remote locations.

International Markets. We actively market our services globally and currently have customers in Argentina, Brazil, Colombia, the Dominican Republic, Suriname and India.

Brazil. Brazil has one of the largest deepwater offshore exploration, development and production areas in the world. In 2011, we acquired a 50% economic interest and 20% voting interest in Aeróleo. Aeróleo currently operates from a network of four operating bases located strategically in Brazil. Aeróleo’s main customer is Petrobras.

Colombia. Sicher provides helicopter services to Colombia’s existing onshore and expanding offshore oil and gas market.

Suriname. We provide helicopter services to seismic and exploration and production companies in support of Suriname’s offshore oil and gas market.

India. In India, we lease helicopters and provide logistics and spare parts support to an operator serving the offshore oil and gas industry.

Latin America. In addition to our operations in Brazil, Colombia and Suriname, we lease helicopters and provide logistics and other support to operators in Argentina and the Dominican Republic.

Seasonality

A significant portion of our operating revenues and profits related to oil and gas exploration, development and production activity is dependent on actual flight hours. The fall and winter months have fewer hours of daylight, particularly in Alaska, and flight hours are generally lower at these times. Prolonged periods of adverse weather in the fall and winter months, coupled with the effect of fewer hours of daylight, can adversely impact operating results. In general, the months of December through February in the U.S. Gulf of Mexico and October through April in Alaska have more days of adverse weather conditions than the other months of the year. In the U.S. Gulf of Mexico, June through November is tropical storm season. During a tropical storm, we are unable to operate in the area of the storm. However, flight activity may increase immediately before and after a storm due to

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the evacuation and return of offshore workers. Our Alaska flightseeing operations were also seasonal with activity occuring only from late May until early September, and our firefighting support activities follow a similar seasonal pattern. There is less seasonality in our dry-leasing and emergency response services.

Customers and Contractual Arrangements

Our principal customers in the markets in which we operate are international, independent and major integrated oil and gas exploration, development and production companies. In the U.S. Gulf of Mexico, we also provide helicopter transportation services to BSEE and, in Alaska, until recently we provided flightseeing services to cruise line passengers. Our leasing customers are typically other helicopter operators that operate our leased helicopters under their AOCs and retain the operating risk. These companies in turn provide helicopter transportation services primarily to oil and gas companies. As of December 31, 2017, approximately 4% of our helicopters were utilized in support of these leasing activities.

During the year ended December 31, 2017, our top ten customers accounted for 84% of total revenues. During the years ended December 31, 2017 and December 31, 2016, each of Anadarko, Petrobras and BSEE accounted for 10% or more of our total revenues. During the year ended December 31, 2015, each of Anadarko and BSEE accounted for 10% or more of our total revenues.

We charter the majority of our helicopters primarily through master service agreements, subscription agreements, day-to-day charter arrangements, fixed-term noncancelable contracts and dry-leases. Master service agreements and subscription agreements typically require a fixed monthly fee plus incremental payments based on flight 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 require either a rate for each hour flown with a minimum number of hours to be charged or a daily fixed fee plus an hourly rate based on hours flown. The rate structure, as it applies to our contracts with oil and gas customers, typically contains terms that limit our exposure to changes in fuel costs. Leases generally run from one to five years and may contain early cancellation provisions. Under these leases, we may provide only the equipment or provide additional services such as logistical and maintenance support, training services and flight and maintenance crews. With respect to flightseeing tours, block space on helicopters is allocated to cruise lines and seats are sold directly to customers.

Competitive Conditions

The helicopter industry is highly competitive. There are, however, factors that provide advantages and in some instances barriers to entry, particularly customer certification and access to appropriate facilities in strategic locations. Customers tend to rely heavily on existing relationships and seek operators with established safety records and knowledge of the operating environment.

We are one of the largest helicopter operators in the world with principal operations in the U.S. Gulf of Mexico, Brazil, Suriname, Colombia and Alaska. In the U.S. Gulf of Mexico, we have many competitors, the three largest being Bristow Group Inc. ("Bristow"), PHI, Inc. ("PHI") and Rotorcraft Leasing Company LLC. Some oil and gas customers in the U.S. Gulf of Mexico operate their own helicopter fleets in addition to smaller companies that offer services similar to ours. In Alaska, we compete against a large number of relatively small operators. In international markets, we have several major competitors depending on the region. Our primary competitors in Brazil consist of Lider Aviação Holding S.A., OMNI Táxi Aéreo Ltda., and Brazilian Helicopter Services Taxi Aéreo Ltda.

In most instances, an operator must have an acceptable safety record, demonstrated reliability and suitable equipment to bid for work. Among bidders meeting these criteria, customers typically make their final choice based on helicopter preference, aircraft availability, the quality and location of operating bases, customer service and price.

Our leasing business competes against financial leasing companies such as Lease Corporation International (Aviation) Limited ("LCI"), Lobo Leasing Limited ("Lobo"), Macquarie Rotocraft Leasing Limited ("Macquarie"), Milestone Aviation Group Limited ("Milestone") and Waypoint Leasing Limited ("Waypoint").

Risks of Foreign Operations

We have activities worldwide, and for the years ended December 31, 2017, 2016 and 2015, 34%, 31%, and 21%, respectively, of our operating revenues were derived from foreign activities.

Foreign operations are subject to inherent risks, which, if they materialize, could have a material adverse effect on our financial position and our results of operations. See Item 1A. Risk Factors - “We are subject to political, economic and regulatory risks associated with our international operations” for more information.

Government Regulation

Regulatory Matters. Our operations are subject to significant federal, state and local regulations in the U.S., as well as international treaties and conventions and the laws of foreign jurisdictions where we operate our equipment or where the equipment is registered or operated. Our results of operations are dependent upon our ability to maintain compliance with all applicable laws in the jurisdictions in which we operate.

In the U.S. we hold the status of an air carrier under the relevant provisions of Title 49 of the United States Transportation Code ("Transportation Code") and engage in the operating and leasing of helicopters in the U.S. and, as such, we are subject to various statutes and regulations. We are governed principally by the regulations of the United States Department of Transportation ("DOT"), including Part 298 registration as an On-Demand Air Taxi Operator, and the regulations of the FAA applicable to an FAA Part 135 Air Taxi certificate holder. Among other things, the DOT regulates our status as an air carrier, including our U.S. citizenship. The FAA regulates our flight operations and, in this respect, has jurisdiction over our personnel, helicopters, ground facilities and certain technical aspects of our operations. In addition to the FAA, the National Transportation Safety Board is authorized to investigate our helicopter accidents (if any) and to recommend improved safety standards. We are also subject to the Communications Act of 1934, as amended, because of the use of radio facilities in our operations.

Helicopters operating in the U.S. are subject to registration, and their owners are subject to citizenship requirements under the Federal Aviation Act. This Act generally requires that before a helicopter may be legally operated in the U.S., it must be owned by citizens of the U.S., which, in the case of a corporation, means a corporation: (i) organized under the laws of the U.S. or of a state, territory or possession thereof, (ii) of which at least 75% of its voting interests are owned or controlled by persons who are "U.S. citizens" (as defined in the Federal Aviation Act and regulations promulgated thereunder), and (iii) of which the president and at least two-thirds of the board of directors and managing officers are U.S. citizens. We have adopted provisions in our amended and restated Certificate of Incorporation to ensure compliance with the regulations of the FAA.

In Brazil, an operator must be licensed by the National Agency for Civil Aviation. Under applicable Brazilian law, in order to maintain its license, an operator must have Brazilian officers and be controlled by nationals of Brazil, meaning at least 80% of the operator's voting shares are held by Brazilian nationals. The majority holder of voting shares in Aeróleo is a Brazilian national and therefore this subsidiary is currently controlled within the meaning of Brazil licensing requirements. Our ability to conduct our helicopter operating business in Brazil is dependent on our ability to maintain Aeróleo's AOC.

In Colombia, the Civil Aviation Authority, Aerocivil, is the governmental entity which regulates the Air transportation in the country. Operators must be approved by this entity and regulated under the RAC (Colombian Aviation Regulations). Operators must have an Operations Certificate issued by the Aerocivil complying with all the regulatory matters and subject to frequent revisions and monitoring. Sicher operates under its Operations Certificate, issued since August 2008, and additionally is the only helicopter company in the country certified and operating under FAA regulations which allows it to operate U.S. registered helicopters.

We are subject to state and local laws and regulations including, but not limited to, significant state regulations for our emergency response services. In addition, our international operations, primarily helicopter leasing and our joint ventures, are required to comply with the laws and regulations in the jurisdictions in which they conduct business.

Environmental Compliance. Our business is subject to international and U.S. federal, state and local laws and regulations relating to environmental protection and occupational safety and health, including laws and regulations that govern the discharge of oil and pollutants into navigable waters. If we fail to comply with these environmental laws and regulations, administrative, civil and criminal penalties may be imposed, and we may become subject to regulatory enforcement actions in the form of injunctions and cease and desist orders. We may also be subject to civil claims arising out of a pollution event. These laws and regulations may expose us to strict, joint and several liability for the conduct of or conditions caused by others or for our own acts even though these actions were in compliance with all applicable laws and regulations at the time they were performed. To date, such laws and regulations have not had a material adverse effect on our business, financial condition and results of operations.

These laws include the federal Water Pollution Control Act, also known as the Clean Water Act, which imposes restrictions on the discharge of pollutants to the navigable waters of the U.S. In addition, because our operations generate and, in some cases, involve the transportation of hazardous wastes, we are subject to the federal Resource Conservation and Recovery Act, which regulates the use, generation, transportation, treatment, storage and disposal of certain hazardous and non-hazardous wastes. Under the Comprehensive Environmental Response, Compensation and Liability Act, referred to as CERCLA or the Superfund law, and certain comparable state laws, strict, joint and several liability can be imposed without regard to fault or the legality of the original conduct on certain classes of persons that contributed to the release of a hazardous substance into the environment. These persons include the owner and operator of a contaminated site where a hazardous substance release occurred and any company that transported, disposed of or arranged for the transport or disposal of hazardous substances, even from inactive operations or closed facilities that have been released into the environment. In addition, neighboring landowners or other third parties may file claims for personal injury, property damage and recovery of response cost. We own, lease, or operate properties and facilities that, in some cases, have been used for industrial activities for many years. Hazardous substances, wastes, or hydrocarbons may have been released on or under the properties owned or leased by us, or on or under other locations where such substances have been taken for disposal. In addition, some of these properties have been operated by third parties or by previous owners whose treatment, storage and disposal or release of such substances was not under our control. These properties and the substances disposed or released on them may be subject to CERCLA and analogous state laws. Under such laws, we could be required to remove previously disposed substances and wastes, remediate contaminated property, or perform remedial activities to prevent future contamination.

In addition, our customers in the oil and gas exploration, development and production industry are affected by environmental laws and regulations that restrict their activities and may result in reduced demand for our services.

We believe that our operations are currently in material compliance with all environmental laws and regulations. We do not expect that we will be required to make capital expenditures in the near future that are material to our financial position or operations to comply with environmental laws and regulations; however, because such laws and regulations are frequently changing and may impose stricter requirements, we cannot predict the ultimate cost of complying with these laws and regulations.

We manage exposure to losses from the above-described laws and regulations through our efforts to use only well-maintained, well-managed and well-equipped facilities and equipment and our development of safety and environmental programs, including our insurance program. We believe these efforts will be able to accommodate all reasonably foreseeable environmental regulatory changes. There can be no assurance, however, that any future laws, regulations or requirements or that any discharge or emission of pollutants by us will not have a material adverse effect on our business, financial position and our results of operations.

Safety, Industry Hazards and Insurance

The safety of our passengers and the maintenance of a safe working environment for our employees is our number one operational priority. We believe we have a strong safety culture throughout our organization that is sponsored by our President and Chief Executive Officer, who is responsible for setting the tone at the top. We strive to exceed the stringent safety and performance audit standards set by aviation regulatory bodies and our customers.

Our safety department ensures that our operations comply with government regulations, customer safety requirements and safety standards within our organization, base operating procedures are standardized and our employees are properly trained. A key to maintaining our strong safety record is having highly qualified, experienced and well trained employees. We conduct training and develop, implement, monitor and continuously improve our safety programs to promote a safe working environment and minimize hazards.

We target zero accidents and injuries in the workplace. Helicopter operations are potentially hazardous and may result in incidents or accidents. Hazards such as adverse weather conditions, collisions, fire and mechanical failures may result in death or injury to personnel, damage to equipment and other environmental damage.

We have implemented a safety program that includes, among many other features, (i) transition and recurrent training using full-motion flight simulators and other flight training devices, (ii) an FAA approved flight operational quality assurance program and (iii) health and usage monitoring systems (“HUMS”), which automatically monitor and report on vibrations and other anomalies on key components of certain helicopters in our fleet.

Employees

As of December 31, 2017, we employed 747 individuals, including 213 pilots and 204 mechanics. We consider our relations with our employees to be good. Certain of our employees in Brazil (approximately 28% of our total workforce) are covered by union or other collective bargaining agreements. If we are involved in any disputes over the terms of these collective bargaining agreements and are unable to negotiate acceptable contract terms with the unions that represent our employees, it could result in strikes, work stoppages or other slowdowns, higher labor costs or other conditions that could materially adversely affect our business, financial condition and results of operations.

Where You Can Find More Information

We are required to file annual, quarterly and current reports, proxy statements and other information with the U.S. Securities and Exchange Commission ("SEC"). Unless otherwise stated herein, these filings are not deemed to be incorporated by reference in this report. All of our filings with the SEC will be available once filed, free of charge, on our website, including our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, Proxy Statements and any amendments to those reports. These reports and amendments will be available on our website as soon as reasonably practicable after we electronically file the reports or amendments with the SEC. The reference to our website is not intended to incorporate the information on the website into this Annual Report on Form 10-K. Our filings will also be available at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. Information as to the operation of the SEC's Public Reference Room can be obtained by calling the SEC at 1-800-SEC-0330. The SEC maintains a website (www.sec.gov) that contains reports, proxy and information statements and other information. In addition, our Corporate Governance and other policies, and the Board of Directors' Audit Committee, Compensation Committee and Nominating and Corporate Governance Committee charters are available, free of charge, on our website or in print for stockholders.

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 represent some of the more critical risk factors that affect us, as well as the other information that has been provided in this Annual Report on Form 10-K. 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.

Risk Factors Related to Our Customers and Contracts

Demand for many of our services is impacted by the level of activity in the offshore oil and gas exploration, development and production industry.

In the years ended December 31, 2017, 2016 and 2015, approximately 91%, 88% and 78%, respectively, of our operating revenues were generated by our services, including emergency response services, to companies primarily engaged in offshore oil and gas exploration, development and production activities. Additionally, our leasing customers typically provide services to oil and gas companies in their respective local markets. As a result, demand for our services and utilization of our fleet, and thereby our revenue, profitability and results of operations, are significantly impacted by levels of activity in the offshore oil and gas industry. These levels of activity have historically been volatile, and the volatility is likely to continue in future periods. To varying degrees, activity levels in the offshore oil and gas industry are affected by prevailing oil and gas prices, expectations about future prices, price volatility and long-term trends in oil and gas prices. Historically, the prices for oil and gas, and consequently, the levels of activity in the offshore oil and gas exploration, development and production sectors, have been subject to wide fluctuations in response to changes in the supply of and demand for oil and gas, market uncertainty and a variety of additional factors beyond our control, such as:

- general economic conditions;
- actions of the Organization of Petroleum Exporting Countries and other oil producing countries to control prices or change production levels;
- the price and availability of alternative fuels;
- assessments of offshore drilling prospects compared with land-based opportunities that do not generally require our services;
- the costs of exploration, development and production and delivery of oil and natural gas offshore;
- expectations about future supply and demand for oil and gas;
- availability and rates of discovery of new oil and natural gas reserves in offshore areas, as well as on land;
- federal, state, local and international political conditions, and policies including those with respect to local content requirements and the exploration and development of oil and gas reserves;
-

uncertainty or instability resulting from an escalation or additional outbreak of armed hostilities or other crises in the Middle East or other geographic areas, or further acts of terrorism in the U.S. or elsewhere;

- technological advancements affecting exploration, development and production of oil and gas and energy consumption;
- weather conditions;
- government regulation, including environmental regulation and drilling regulation, permitting and concessions;
- regulation of drilling activities and the availability of drilling permits and concessions and environmental regulation; and

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- the ability of oil and natural gas companies to generate funds or otherwise obtain capital required for offshore oil and gas exploration, development and production and their capital expenditures budgets.

Beginning in mid-2014, oil and natural gas prices decreased significantly and remained low, compared to recent historical averages, through 2017. This prolonged, significant downturn in oil and gas prices reduced the demand for our services and utilization of our fleet, which has adversely affected our business, financial condition and results of operations. We cannot predict future oil and gas price movements. Any continuation of the lower oil and gas price environment or exacerbation thereof could further depress the level of helicopter activity in support of exploration and, to a lesser extent, production activity, which could have a material adverse effect on our business, financial condition, and results of operations. No assurance can be given that the recent decline of oil and gas prices will not continue to adversely affect offshore exploration or production operations, or that our operations will not continue to be adversely affected.

Additionally, the level of activity in offshore oil and gas exploration, development and production is affected by the relative economics of and resultant level of activity in land-based oil and gas exploration, development and production. In recent years, there has been a significant focus on and increase in production from North American shale reservoirs, which has been facilitated by hydraulic fracturing and other technologies. The availability of more economical oil and gas reserves, including, if applicable, North American shale reservoirs, could have a material adverse effect on our business, financial condition and results of operations.

The offshore helicopter services industry is cyclical.

The offshore helicopter services industry has historically been cyclical and is affected by the volatility of oil and gas price levels, fluctuations in government programs and spending and general economic conditions. There have been, and in the future may continue to be, periods of high demand followed by periods of low demand for our services. Changes in commodity prices can have a significant effect on demand for our services, and periods of low activity intensify price competition in the industry and could result in our helicopters being idle, or operating at reduced margins, for long periods of time. A prolonged significant downturn in oil and natural gas prices, such as the one we are currently experiencing, or increased regulation containing onerous compliance requirements is likely to cause a substantial decline in expenditures for exploration, development and production activity, which could result in a decline in demand and lower rates for our services. Similarly, the government agencies with which we do business could face budget cuts or limit spending, which would also result in a decline in demand and lower rates for our services. These changes could materially adversely affect our business, financial condition and results of operations.

The implementation by our customers of cost-saving measures could reduce the demand for our services.

Companies in the oil and gas exploration and production industry are continually seeking to implement measures aimed at cost savings, especially during times of depressed oil and gas pricing such as the one we are currently experiencing. In addition to curtailing exploration and development activities, measures taken by our customers to improve efficiencies and reduce costs may include reducing headcount, finding less expensive means for moving personnel offshore, changing rotations for personnel working offshore, pooling helicopter services among operators and requesting rate reductions or pricing concessions. Such measures are some, but not all, of the possible cost-saving initiatives that could result in reduced demand for, or pricing of, our helicopter transport services. In addition, customers may choose to establish their own helicopter operations or utilize other transportation alternatives, such as marine transport. The continued implementation of these kinds of cost-saving measures could reduce the demand or prevailing prices for our services and have a material adverse effect on our business, financial condition and results of operations.

We rely on a limited number of customers for a significant share of our revenues, the loss of any of which could materially adversely affect our business, financial condition and results of operations.

We derive a significant portion of our revenues from a limited number of oil and gas exploration, development and production companies and government agencies. Specifically, services provided to Anadarko, Petrobras and U.S. government agencies accounted for 28%, 22% and 16% of our revenues, respectively, for the year ended December 31, 2017. The portion of our revenues attributable to any single customer may change over time, depending on the level of activity by any such customer, our ability to meet the customer’s needs and other factors, many of which are beyond our control. The loss or reduction of business from any of our significant customers, if not offset by sales to new or existing customers, could have a material adverse effect on our business, financial condition and results of operations.

Further, to the extent any of our customers or the customers of companies to whom we lease helicopters experience an extended period of operational or financial difficulty, we could face significant counterparty credit risk or such customers could terminate our services generally with the requirement to pay little or no liquidating damages. The occurrence of either of these events could materially adversely affect our business, financial condition and results of operations.

Consolidation of and asset sales affecting our customer base could materially adversely affect demand for our services and reduce our revenues.

Many of our customers are international, independent and major integrated oil and gas exploration, development and production companies. In recent years, these companies have undergone substantial consolidation and engaged in sales of specific assets, and additional consolidation and asset sales are possible. In addition, since 2014 a number of oil and gas exploration, development and production companies have filed for bankruptcy or similar protections in other jurisdictions and have restructured by acquiring, selling or otherwise disposing of assets resulting in further industry consolidation. Consolidation results in fewer companies to charter or contract for our services. In the event one of our customers combines with, or sells assets to, a company that is using the services of one of our competitors, the combined or successor company could decide to use the services of that competitor or another provider. Further, merger activity among both major and independent oil and natural gas companies affects exploration, development and production activity as the consolidated companies often put projects on hold while integrating operations. Consolidation may also result in an exploration and development budget for a combined company that is lower than the total budget of both companies before consolidation. Reductions in the budgets of oil and gas companies could adversely affect demand for our services that could result in a material adverse effect on our business, financial condition and results of operations.

Our customers include U.S. government agencies that are dependent on budget appropriations, which may fluctuate and, as a result, limit their ability to use our services.

U.S. government agencies, consisting primarily of BSEE, are among our key customers and accounted for 16% of our revenues for the year ended December 31, 2017. Government agencies receive funding through budget appropriations, which are determined through the political process, and as a result, funding for the agencies with which we do business may fluctuate. In recent years, there has been increased Congressional scrutiny of discretionary program spending by the U.S. government in light of concerns over the size of the national debt and lawmakers have discussed the need to cut or impose caps on discretionary spending, which could result in budget cuts to federal agencies to which we provide services. If any of these agencies, and in particular BSEE, experience reductions in their budgets or if they change their spending priorities, their ability or willingness to spend on helicopter services may decline, and they may substantially reduce or cease using our services, which could have a material adverse effect on our business, financial condition and results of operations.

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, customer service 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 party local bidding companies may not be able to win these bids for reasons unrelated to us, 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 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 and Rotorcraft Leasing Company, LLC. In our international markets, we also face competition from local operators in countries where foreign regulations may 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 addition, helicopter leasing companies, such as LCI, Lobo, Macquarie, Milestone and Waypoint, provide offerings that compete with, and could capture a share of, our leasing opportunities to third parties. Our competitors with lower capital costs, including those that may enter bankruptcy and emerge with a more efficient capital structure and lower operating costs, 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 offer. For example, Milestone was acquired in January 2015 by GE Capital Aviation Services, a company with significant financial resources and a relatively lower cost of capital. We also compete with other providers of emergency response and utility services in various markets.

Certain customer contracts are awarded through competitive processes that may require us to expend significant resources with no guaranty of recoupment.

Certain customers award contracts helicopter services through an aggressive competitive bidding process and intense negotiations. Customers typically make their final choice based on the best price for the required helicopter model that is available within the time frame mandated by their needs. In order to successfully compete in such processes and facilitate timely commencement of operations in compliance with customer requirements, we may invest substantial time, money, and effort, including proposal development and marketing activities, required to prepare bids and proposals for contracts that may not be awarded to us or for processes that may be canceled prior to the execution of contracts.

Due to the intense competition in our markets and increasing customer demand for shorter delivery periods, even in cases where customers are not utilizing a competitive bidding process, we might be required to begin implementation of a project before the corresponding contract has been finalized. If we do not succeed in winning a bid or securing an opportunity for any reason, we may obtain little or no benefit from the expenditures associated with pursuing such opportunity and may be unable to recoup expended resources on future projects.

Our contracts generally can be terminated or downsized by our customers without penalty.

Many of our operating contracts and charter arrangements contain provisions permitting early termination by the customer for any reason, generally without penalty, and with limited notice requirements. In addition, many of our contracts do not commit our customers to acquire specific amounts of services and permit them to decrease the number of helicopters under contract with a corresponding decrease in the fixed monthly payments without penalty. These contract provisions may facilitate customer requests for rate reductions, pricing concessions and other favorable revisions to negotiated terms that may be available from our competitors, especially during a market downturn such as the one we are currently experiencing. As a result, you should not place undue reliance on the strength of our customer contracts or the terms of those contracts. The termination or modification of contracts by our significant customers or the decrease in such customers' usage of our helicopter services could have a material adverse effect on our business, financial condition and results of operations.

Our customers may be able to obtain services comparable to ours through other forms of transportation.

In certain markets, oil and gas companies have elected to transport personnel and equipment to and from offshore locations through the use of marine transportation vessels, especially when such offshore locations are close to shore. Technological improvements that increase the speed, comfort or efficiency of these vessels could reduce the demand for our oil and gas flight transportation services.

Our customers may shift risk to us.

We give to and receive from our customers indemnities relating to liabilities caused or assumed by us in connection with our operations. Our customers' changing views on risk allocation may cause us to accept greater risk to win new business or may result in our losing business if we are not prepared to assume such risks. To the extent that we accept such additional risk, and seek to insure against it, if possible, our insurance premiums could rise. If we cannot insure against such additional risks or otherwise choose not to do so, we could be exposed to catastrophic losses in the event such risks are realized that could have a materially adverse effect on our business, financial condition and results of operations.

Our fixed operating expenses and long-term customer contracts could adversely affect our business, financial condition and results of operations under certain circumstances.

Our profitability is directly related to demand for our services. A significant portion of our operating expenses that are related to crew wages and benefits, insurance and maintenance programs are fixed and must be paid even when our helicopters are not actively servicing customers and generating income. A decrease in our revenues could therefore result in a disproportionate decrease in our earnings, as a substantial portion of our operating expenses would remain unchanged. Similarly, the discontinuation of any rebates, discounts or preferential financing terms offered to us by manufacturers or suppliers would have the effect of increasing our fixed expenses, and without a corresponding increase in our revenues, could have a material adverse effect on our business, financial condition and results of operations.

Increases in supplier, fuel, labor, insurance, and other costs are typically passed through to our customers through rate increases where possible, including as a component of contract escalation charges. However, certain of our contracts are long-term in nature and may not have escalation provisions or escalation may be tied to an index, which may not commensurate with the associated costs. These escalations may not be sufficient or we may not be able to realize the full benefit therefrom during a market downturn to enable us to recoup increased costs in full thereby resulting in lower margins. There can be no assurance that we will be able to estimate costs accurately or recover increased costs by passing such costs on to our customers. Further, we may not be successful in identifying or securing cost escalations for other costs that may escalate during the applicable customer contract term. During a prolonged market downturn such as the one we are currently experiencing, we may not be able to realize the benefit of any such escalations as a result of customer pricing sensitivities, which could adversely affect the profitability of such contracts. In the event that we are unable to fully recover material costs that escalate during the terms of our customer contracts, the profitability of our customer contracts and our business, financial condition and results of operations could be materially adversely affected.

Risk Factors Related to Our Operations

Our operations involve a degree of inherent risk that may not be adequately covered by our insurance and may increase our costs and limit our ability to obtain insurance on commercially reasonable terms or at all.

The operation of helicopters is subject to various risks, including catastrophic disasters, crashes, collisions, adverse weather conditions, mechanical failures or damage to our facilities, which may result in loss of life, personal injury to employees and third parties, damage to property or equipment owned by us or others, loss of revenues, termination of customer contracts, fines, penalties, suspension of operations, restrictions on conducting business, increased insurance costs, and damage to our reputation and customer relationships. Our helicopters have been involved in accidents in the past, some of which included loss of life, personal injury and property damage. We, or third parties operating our helicopters, may experience accidents or damage to our assets in the future. These risks could endanger the safety of both our and our customers' personnel, equipment, cargo and other property, as well as the environment. If any of these events were to occur with equipment that we operate or lease to third parties, we could experience loss of revenue, termination of charter contracts, higher insurance rates and damage to our reputation and customer relationships. In addition, to the extent an accident occurs with a helicopter we operate or by assets supporting our operations, we could be held liable for resulting damages. The occurrence of any such incident could have a material adverse effect on our business, financial condition and results of operations.

In addition, other operators may experience accidents or safety issues with a particular model of helicopter that we operate or lease. Where such an accident or safety issue with a particular model occurs, our customers, their employees or the unions to which our customer's employees belong may refuse to use such model, a regulatory body may ground that particular model of helicopter or we may be forced to take such model out of service until the cause of the accident or concern is adequately addressed, any of which may result in a reduction of revenues and a loss of customers. While we seek to mitigate the financial impact of these risks and preserve our rights through commercial and other arrangements, such mitigation efforts may not be successful or available in all circumstances and our financial condition and results of operations may fluctuate from period to period as a result of incidents or our mitigation efforts. In addition, the market value of a helicopter model may be permanently reduced if such model were to be considered less desirable for future service, in which case the book value of inventory for such aircraft may be impaired.

We carry insurance, including hull and liability, liability and war risk, general liability, workers' compensation and other insurance customary in the industry in which we operate. Our insurance coverage is subject to deductibles and maximum coverage amounts, the aggregate impact of which could be material. Our insurance policies are also subject to compliance with certain conditions, the failure of which could lead to a denial of coverage as to a particular claim or the voiding of a particular insurance policy. We cannot ensure that our existing coverage will be sufficient to protect against all potential liabilities or the total amount of insured claims and liabilities, that we will be able to maintain our existing coverage in the future, or that our existing coverage can be renewed at commercially reasonable rates without a substantial increase in premium. In addition, future terrorist activity, risk of war, accidents or other events could increase our insurance premiums. Even in cases where insurance covers the costs of repair due to damage to a helicopter, there may be a diminution in the value of the helicopter as result of it being less desirable for future service, which would likely not be covered by insurance. Furthermore, we are not generally insured for loss of profit, loss of use of helicopters, business interruption or loss of flight hours. The loss, or limited availability, of our liability insurance coverage, inadequate coverage from our liability insurance or substantial increases in future premiums could have a material adverse effect on our business, financial condition, and results of operations. Any material liability not covered by insurance or for which third-party indemnification is not available, would have a material adverse effect on our business, financial condition and results of operations.

We do not anticipate operating our Airbus H225 helicopters and may not recover amounts invested in such helicopters.

In April 2016, an Airbus Helicopters H225 (also known as an EC225LP) model helicopter operated by a global competitor was involved in an accident in Norway resulting in thirteen fatalities. The root cause of the accident is still under investigation, but preliminary reports published by the Accident Investigation Board Norway ("AIBN") contain findings linking the accident to a design flaw. Following the crash, a number of regulatory authorities issued safety directives grounding, with limited exceptions, all Airbus H225 and AS332 L2 model helicopters registered in their jurisdictions. A number of customers and operators also voluntarily suspended operations of those two helicopter models. On October 7, 2016, the European Aviation Safety Agency ("EASA") issued an Airworthiness Directive that allowed H225 and AS332 L2 helicopters to return to service, subject to significant additional maintenance and inspection requirements. On December 9, 2016, the Federal Aviation Administration in the United States issued an Alternative Means of Compliance ("AMOC") that allowed these helicopters to return to service in the United States, subject to significant additional maintenance and inspection requirements. On July 20, 2017, the civil aviation authorities in each of Norway and the United Kingdom, the major European markets for H225 helicopters, published directives that set forth their requirements with respect to the return to service of these helicopter models, subject to significant additional maintenance and inspection requirements. Prior to a return to service, an operator must develop a return to service plan for the applicable helicopter model that must be approved by the relevant regulatory authority. Such a plan would need to include a detailed safety case, outlining specific maintenance processes and tooling and training requirements. In addition, these directives mandate that an operator must comply with an EASA directive issued on June 23, 2017 that requires the replacement of, and prescribes reduced service limits and inspections with respect to, certain identified parts. EASA also requires the installation of a new EASA-approved full flow magnetic plug device and imposes maintenance protocols to support the inspection of the main gearbox oil system particle detection. Even though H225s are no longer grounded by the regulatory authorities, our customers, their employees, and the unions to which our customers' employees belong largely lack confidence in the H225 helicopter. As a result, we believe a full return to service for the H225 helicopter in offshore oil and gas operations is unlikely. We will not operate the H225 helicopters in our fleet unless and until we can develop a detailed safety case that demonstrates the H225 model helicopter can be operated safely. During the third quarter of 2017, we determined that we cannot develop such a case and that a broad-based return to service is improbable. We therefore cannot operate the H225 helicopters in our operations as we had planned at the time the helicopters were purchased.

These developments led the Company to conclude that the cash flows associated with its H225 heavy helicopters are largely independent from the cash flows associated with the remainder of the fleet and should be evaluated separately for impairment. The Company performed an impairment analysis on its H225 helicopters, capital parts, and related inventory. The inputs used in the Company's fair value estimate were from Level 3 of the fair value hierarchy discussed in Note 2 to the Company's audited consolidated financial statements included in this Annual Report on Form 10-K. The Company determined that the book value exceeded the fair value and recorded a $117 million impairment charge in the three months ended September 30, 2017. As of December 31, 2017, the net book value of our H225 helicopters and related inventory of parts and equipment (after the impairment charge) was $37.8 million, although no assurance can be given that if we were to choose to monetize our investment in the H225s we will be able to recover an amount that approximates the net book value of the assets or that we will be able to make any recovery at all.

In addition, we have filed suit against Airbus Helicopters, Inc. and Airbus Helicopter S.A.S. (collectively, "Airbus") through which we are seeking damages from Airbus for breach of contract, fraudulent inducement and unjust enrichment. In pursuing this litigation we may expend significant resources, including cash. However, no assurance can be given that we will be successful in recovering any damages from Airbus in connection with this suit or any suit related to the H225s we may file against them in the future.

Failure to maintain an acceptable safety record and level of reliability may have an adverse impact on our ability to attract and retain customers.

Our customers consider safety and reliability as two of the primary attributes in selecting a helicopter service provider. We must maintain a record of safety and reliability that is acceptable to, and in certain instances is contractually required by, our customers. In an effort to maintain an appropriate standard, we incur considerable costs to maintain the quality of our safety and training programs and our fleet of helicopters. For example, we have implemented a safety program that includes, among many other features, (i) transition and recurrent training using full-motion flight simulators and other flight training devices, (ii) an FAA approved flight operational quality assurance program and (iii) HUMS, which automatically monitors and reports on vibrations and other anomalies on key components of certain helicopters in our fleet. In addition, many of our customers regularly conduct audits of our operations and safety programs. We cannot be assured that our safety program or our other efforts will provide an adequate level of safety, an acceptable safety record or satisfactory customer audit results. If we fail to maintain standards of safety and reliability that are satisfactory to our customers, our ability to retain current customers and attract new customers may be adversely affected. Moreover, accidents or similar disasters involving helicopters operated by us or by another helicopter operator could cause significant negative publicity, impact customer confidence, result in a loss of customer contracts or result in the mandatory or voluntary grounding of our helicopters or other interruption of services to our customers, particularly if such accident or disaster were due to a safety fault in a helicopter model in our fleet. Our helicopters have been involved in accidents in the past, some of which have included loss of life and property damage. We may experience similar accidents in the future. Failure to maintain an acceptable safety record may have an adverse effect on our business, financial condition and results of operations.

We may not be able to obtain work on acceptable terms covering some of our new helicopters, and some of our new helicopters may replace existing helicopters already under contract, which could adversely affect the utilization of our existing fleet.

As of December 31, 2017, we had placed orders for 11 new helicopters and have options to purchase an additional 10 helicopters. Many of our new helicopters may not be covered by customer contracts when they are placed into service, and we cannot assure you as to when we will be able to utilize these new helicopters or on what terms. The ability to place new helicopters into service is highly dependent on the level of activity in the offshore oil and gas market, which in turn is affected by oil and gas prices. To the extent our helicopters are covered by a customer contract, the typical duration of such contracts is generally too short to recover our full cost of purchasing the helicopter, requiring us to seek frequent renewals and subjecting us to the risk that we will be unable to recoup our investment in the helicopter. Once a new helicopter is delivered to us, we generally spend between one and three months installing equipment and configuring the helicopter to our specifications before we place it into service. As a result, there can be a significant delay between the delivery date for a new helicopter and when it begins to generate revenues

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for us. We also expect that some of our customers may request new helicopters in lieu of our existing helicopters, which could adversely affect the utilization of our existing fleet. Our inability to profitably deploy our aircraft could have a material adverse effect on our business, financial condition and results of operation.

Our fleet's excess helicopters include those that are not otherwise under customer contracts, undergoing maintenance, dedicated for charter activity or subject to operational suspension or other restrictions. 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. In general, there may be some lag time before helicopters that are not under customer contracts are placed with other customers. If we are not successful in securing sufficient new contracts, we could experience a decline in the near-term utilization of our helicopters that could have a material adverse effect on our business, financial condition and results of operations.

Our dependence on a small number of helicopter manufacturers poses a significant risk to our business and prospects.

Although our fleet includes equipment from all four of the major helicopter manufacturers, our current fleet expansion and replacement needs rely on three manufacturers. If any of the manufacturers with whom we contract face production delays due to, for example, natural disasters, labor strikes or unavailability of skilled labor, we may experience a significant delay in the delivery of previously ordered helicopters. During these periods, we may not be able to obtain additional helicopters with acceptable pricing, delivery dates or other terms. Delivery delays or our inability to obtain acceptable helicopters or parts and components could adversely affect our business, financial condition and results of operations and jeopardize our ability to meet the demands of our customers and execute our business strategy. Furthermore, we may be required by regulatory authorities or voluntarily decide to temporarily or permanently remove certain helicopter models from service following certain incidents or accidents, thereby increasing our reliance on other models. The lack of availability of new helicopters resulting from a backlog in orders or unavailability of certain helicopter models for service could result in an increase in prices for certain types of used helicopters.

A shortfall in availability of aircraft components, parts and subsystems required for maintenance and repairs of our helicopters could adversely affect us.

In connection with required repairs and maintenance that we perform or are performed by others on our helicopters, we rely on eight key vendors (Leonardo-Finmeccanica Helicopters, Sikorsky Aircraft Corporation, Airbus Helicopters Inc., Bell Helicopter Textron Inc., Pratt and Whitney Canada, Safran Helicopters Engines, GE Aviation and Honeywell International) for the supply and overhaul of components on our helicopters. Consolidations involving suppliers could further reduce the number of alternative suppliers for us and increase the cost of components. These vendors have historically been the manufacturers of helicopter components and parts, and their factories tend to work at or near full capacity supporting the helicopter production lines for new equipment. This leaves little capacity for the production of parts requirements for maintenance of our helicopters. The tight production schedules, as well as new regulatory requirements, the availability of raw materials or commodities, or the need to upgrade parts or product recalls, can add to backlogs, resulting in key parts being in limited supply or available on an allocation basis. To the extent that these suppliers also supply parts for helicopters used by the U.S. military, parts delivery for our helicopters may be delayed during periods in which there are high levels of military operations. Our inability to perform timely repair and maintenance could result in our helicopters being underutilized and cause us to lose opportunities with existing or potential customers, each of which could have an adverse impact on our business, financial condition and results of operations. Furthermore, our operations in remote or foreign locations, where delivery of these components and parts could result in additional costs or take a significant period of time, may also impact our ability to repair and maintain our helicopters. Although every effort is made to mitigate such impact by attempting to store nearby a sufficient amount of key, integral parts, a delay in delivery may pose a risk to our results of operations. In addition, supplier cost increases for critical helicopter components and parts may also adversely impact our results of operations. If we store too few of these parts, we could incur the type of maintenance and repair delays described above. On the other hand, if we store too many parts in remote locations, a portion of them could become unusable or obsolete, causing us to record impairment charges. In addition, as many of our helicopters are manufactured by two European-based companies, the cost of spare parts could be impacted by changes in currency exchange rates.

The operation of our fleet requires us to carry spare parts and other inventory to perform scheduled and unscheduled maintenance activity. Changes in the aircraft model types or the timing of exit from model types of our fleet may result in spare parts and inventory levels in excess of those required to support our fleet over its remaining life. Additionally, certain spare parts or inventory may become obsolete or dormant as a result of changes in the use of such parts on aircraft and maintenance needs. These fleet changes or other external factors can result in impairment of spare part or inventory balances where we expect that excess, dormant or obsolete spare parts or inventory will not recover its carrying value through sales to third parties or disposal.

Our operations depend on facilities we use throughout the world that are subject to physical and other risks that could disrupt operations.

Our facilities could be damaged or our operations could be disrupted by a natural disaster, labor strike, war, political unrest, terrorist activity or a pandemic. We operate numerous bases in and along the U.S. Gulf of Mexico and we are particularly exposed to risk of loss or damage from hurricanes in that region. In addition, our operations in Alaska are at risk from earthquake activity. Although we have obtained property damage insurance, a major catastrophe such as a hurricane, earthquake or other natural disaster at any of our sites, or significant labor strikes, work stoppages, political unrest, war or terrorist activities in any of the areas where we conduct operations, could result in a prolonged interruption or stoppage of our business or material sub-parts of it. Any disruption resulting from these events could result in a loss of sales and customers. Our insurance may not adequately compensate us for any of these events, and, if not so covered, it could have a material adverse effect on our business, financial condition and results of operations.

We rely on the secondary helicopter market to dispose of our used aircraft and parts as part of our on-going fleet management efforts.

We manage our fleet by evaluating expected demand for helicopter services across global markets and the type of helicopters needed to meet this demand. As offshore oil and gas drilling and production globally moves to deeper water, more heavy and medium aircraft and newer technology aircraft may be required. As helicopters come off of current contracts or are replaced by newer models, our management evaluates our future needs for such helicopters against our ability to recover our remaining investments in these aircraft through secondary market sales. We are dependent upon the secondary helicopter and parts market to dispose of our helicopters 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 derived from a combination of available market data, estimates, application of significant judgment and assistance of valuation specialists, including values obtained from third party analysts. There is no assurance that either the book value or net asset value of any helicopter represents the amount that we could obtain from an unaffiliated third party in an arm’s length sale of the aircraft, and market factors will impact the need for any write-downs of the book value, any recorded gains or losses on helicopter sales and our ability to realize the estimated fair market value of our fleet.

Any changes in the supply of, or demand for, helicopters could impact the secondary market. There may be limited or no demand for certain types of used helicopters, especially older medium or heavy helicopters. 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. A global competitor filed for Chapter 11 bankruptcy protection in May 2016, and it has returned approximately 80 helicopters to lessors as part of its restructuring, resulting in an increased supply of helicopters available for sale and/or lease. This change in supply has adversely impacted helicopter rates and pricing of our helicopters and could undermine our ability to dispose of our helicopters in the secondary market.

The market value of our helicopter fleet is dependent on a number of external factors.

The fair market value of each of our helicopters is dependent upon a variety of factors, including:

- general economic and market conditions affecting the oil and gas industry, including the price of oil and gas and the level of oil and gas exploration, development and production;
- the number of comparable helicopters servicing the market;
- the types and sizes of comparable helicopters available for sale or lease;
- the specific age and attributes of the helicopter;
- demand for the helicopter in different industries; and
- changes in regulation or competition from other air transport companies and other modes of transportation.

As a result of the prolonged market downturn that we are currently experiencing, the fair market value of our helicopters has declined in recent periods and may decline further in the future. A decline in helicopter values could result in asset impairment charges, breaches of loan covenants or lower proceeds upon helicopter sales, 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 and results of operations should any problems specific to these particular models occur.

As of December 31, 2017, the AW139 medium helicopter model, comprised approximately 50% of the net book value of our helicopter fleet. If the market demand for this model declines, if this model experiences technical difficulties or if this model 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 this model in our fleet, a significant decline in value of this model 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.

We derive revenue from non-wholly owned entities. If we are unable to maintain good relations with the other owners of such non-wholly owned entities, our business, financial condition and results of operations could be materially adversely affected.

Local regulatory requirements may require us to conduct our international operations using another operator's AOC through non-wholly owned entities with local shareholders or through strategic alliances with foreign partners. We have in the past, and may in the future continue to, derive significant amounts of revenue from these entities. We depend to some extent upon good relations with our local partners that are shareholders in these entities to ensure profitable operations of our non-wholly owned entities. These shareholders may have interests that are not always aligned with ours and may not be required to provide any funding that these entities may require or may disagree with us as to the proper timing of cash distributions to us and our shareholder partners. Furthermore, certain shareholders' agreements with local shareholders contain call arrangements that allow the local shareholder to elect to purchase our shares and/or require us to bear all of the losses of such entities. The calls are exercisable in certain circumstances, including liquidation and events of default. In the event shareholder disputes arise or we lose our interest in our non-wholly owned entities and/or find other local partners, it could negatively impact our revenues and profit sharing from such entities, and have a material adverse effect on our business, financial condition and results of operations.

We are highly dependent upon the level of activity in the U.S. Gulf of Mexico which is a mature exploration, development and production region.

For the years ended December 31, 2017, 2016 and 2015, our operating revenues derived from services provided to customers primarily engaged in oil and gas activities in the U.S. Gulf of Mexico represented approximately 62%, 62% and 66%, respectively, of our total operating revenues. The U.S. Gulf of Mexico is a mature exploration, development and production region that has undergone substantial seismic survey and exploration activity for many years. We cannot predict the levels of activity in this area. A large number of oil and gas properties in the region have already been drilled, and additional prospects of sufficient size and quality could be more difficult to identify. Generally, the production from these mature oil and gas properties is declining and future production may decline to the point that such properties are no longer economically viable to operate, in which case our services with respect to such properties may no longer be needed. Oil and gas companies may not identify sufficient additional drilling sites to replace those that become depleted. If activity in oil and gas exploration, development and production in the U.S. Gulf of Mexico materially declines, our business, financial condition and results of operations could be materially and adversely affected.

Any significant development impacting deepwater drilling in the U.S. Gulf of Mexico could materially adversely affect us.

We are highly dependent on offshore oil and gas activities in the U.S. Gulf of Mexico. As a result of the well-publicized sinking of the Deepwater Horizon, a semi-submersible deepwater drilling rig operating in the U.S. Gulf of Mexico after an apparent blowout and fire resulting in a significant flow of hydrocarbons from the BP Plc. Macondo well, the U.S. Department of Interior temporarily imposed a moratorium on offshore drilling operations and issued new rules designed to improve drilling and workplace safety in the U.S. Gulf of Mexico. The Bureau of Ocean Energy Management, BSEE, Office of National Resources Revenue and other regulatory agencies may issue new safety and environmental guidelines and regulations for drilling in the U.S. Gulf of Mexico and other geographic regions, the result of which may increase the costs and regulatory burden of exploration, development and production, reduce the area of operations for offshore oil and gas activities and result in permitting delays. We are monitoring legislation and regulatory developments; however, it is difficult to predict the ultimate impact of any new guidelines, regulations or legislation. A prolonged suspension of drilling activity or permitting delays in the U.S. Gulf of Mexico and other geographic locations in which we operate, new regulations and/or increased liability for companies operating in the offshore oil and gas sector, whether or not caused by a new incident in any region, could result in reduced demand for our services and could have a material adverse effect on our business, financial condition and results of operations.

We are subject to political, economic and regulatory risks associated with our international operations.

We operate and lease helicopters in international markets. During the years ended December 31, 2017, 2016 and 2015, approximately 34%, 31% and 21%, respectively, of our operating revenues were derived from our international operations. Our strategy contemplates growth in our international operations in the future. Our international operations are subject to a number of risks, including:

- political conditions and events, including embargoes;
- uncertainties concerning import and export restrictions, including the risk of fines or penalties assessed for violating export restrictions by the Office of Foreign Assets Controls of the U.S. Department of Treasury;
- restrictive actions by U.S. and foreign governments, including those in Argentina, Brazil, Colombia, the Dominican Republic, India and Suriname, which could limit our ability to provide services in those countries;
- the imposition of withholding or other taxes on foreign income, tariffs or restrictions on foreign trade and investment;

- adverse tax consequences;
- limitations on repatriation of earnings or currency exchange controls and import/export quotas;
- nationalization, expropriation, asset seizure, blockades and blacklisting;
- limitations in the availability, amount or terms of insurance coverage;
- loss of contract rights and inability to adequately enforce contracts;
- the lack of well-developed legal systems in some countries that could make it difficult for us to enforce contractual rights;
- political, social and economic instability, war and civil disturbances or other risks that may limit or disrupt markets, such as terrorist attacks, piracy and kidnapping;
- fluctuations in currency exchange rates, hard currency shortages and controls on currency exchange that affect demand for our services and our profitability;
- potential noncompliance with a wide variety of laws and regulations, such as the U.S. Foreign Corrupt Practices Act of 1977 (the “FCPA”), and similar non-U.S. laws and regulations, including the U.K. Bribery Act 2010 (the “UKBA”) and Brazil’s Clean Companies Act (the “BCCA”);
- labor strikes;
- changes in general economic conditions;
- adverse changes in foreign laws or regulatory requirements, including those with respect to flight operations and environmental protections; and
- challenges in staffing and managing widespread operations, including logistical and communication challenges.

If we are unable to adequately address these risks, it may impact our ability to operate in certain international markets and our business, financial condition and results of operations could be materially adversely affected.

Our future growth may be impacted by our ability to expand into markets outside of our existing markets, which include the U.S. Gulf of Mexico, Brazil, Colombia, Suriname and Alaska.

Our future growth will depend on our ability to expand into markets outside of the U.S. Gulf of Mexico, Brazil, Colombia, Suriname and Alaska. Expansion of our business depends on our ability to operate in these other regions and may be adversely affected by:

- local regulations restricting foreign ownership of helicopter operators;
- requirements to award contracts to local operators; and
- the number and location of new drilling concessions granted by foreign governments.

We cannot predict the restrictions or requirements that may be imposed in the countries in which we operate or wish to operate. If we are unable to continue to operate or obtain and retain contracts in markets outside of the U.S. Gulf of Mexico, Brazil, Colombia or Alaska, our future business, financial condition and results of operations may be adversely affected and we may not be able to successfully grow our operations outside of these regions.

Our diversification efforts into other aviation services may prove unsuccessful.

Our business has traditionally been significantly dependent upon the level of offshore oil and gas exploration, development and production activity. The prolonged market downturn in the oil and gas industry that we are currently experiencing has adversely affected, our financial condition and results of operations and could continue to negatively impact our financial results in future periods. We consistently look for opportunities to diversify our operations. While diversification into other aviation services is intended to grow the business and offset the cyclical nature of oil and gas activities, we cannot be certain that the associated diversification benefits related to other services that we may offer in the future will be realized.

In order to support or grow our business, we may require additional capital in the future that may not be available to us.

Our business is capital intensive, and to the extent we do not generate sufficient cash from operations, we will need to raise additional funds through bank financing and other public or private debt or equity financing to execute our strategy and make the capital expenditures required to operate our business. Adequate sources of capital funding may not be available when needed, or may not be available on favorable terms. The availability of financing may also be affected by oil and gas prices and exploration, development and production activity levels. If we raise additional funds by issuing equity or certain types of convertible debt securities, the holdings of our existing stockholders may be diluted. Further, if we raise additional debt financing, we will incur additional interest expense, the terms of such debt may be less favorable than our existing debt and we may be required to pledge our assets as security or be subjected to financial and/or operating covenants that affect our ability to conduct our business. Our ability to engage in any capital raising activities are subject to the restrictions in our existing debt instruments and in the Tax Matters Agreement. If our levels of funding are insufficient at any time in the future, or we are unable to conduct capital raising activities for any reason, we may be unable to acquire additional helicopters, take advantage of business opportunities or respond to competitive pressures, any of which could have a material adverse effect on our business, financial condition and results of operations.

There are risks associated with our debt structure.

As of December 31, 2017, our indebtedness consisted of $144.8 million aggregate principal amount of our 7.750% senior unsecured notes due 2022 (the "7.750% Senior Notes"), $39.0 million of borrowings outstanding under the Revolving Credit Facility, $21.6 million of aggregate indebtedness outstanding under two promissory notes and $3.0 million of installment payments due to taxing authorities in Brazil. In addition, we had the ability to borrow up to an additional $75.8 million under our Revolving Credit Facility, after taking into account the financial ratios we are required to maintain under the facility as discussed in more detail below.

The agreements governing our Revolving Credit Facility and the indenture governing our 7.750% Senior Notes contain various covenants that limit our ability to, among other things:

- make investments;
- incur or guarantee additional indebtedness;
- incur liens or pledge the assets of certain of our subsidiaries;
- pay dividends or make investments;
- keep excess cash amounts;
- maintain a maximum senior secured leverage ratio;
- maintain a minimum interest coverage ratio;
- maintain a minimum ratio of the sum of their fair market value of mortgaged helicopters, accounts receivable and inventory to total funded and committed debt;
- enter into transactions with affiliates; and
- enter into certain sales of all or substantially all of our assets, mergers and consolidations.

Failure to comply with these covenants is an event of default under the facility, and therefore, our ability to borrow under our Revolving Credit Facility is dependent on and limited by our ability to comply with such covenants. Refer to Note 8 of the Notes to Consolidated Financial Statements in Item 8 of this Annual Report on Form 10-K for additional information.

On March 7, 2018, we entered into a Consent and Amendment No. 4 to the Amended and Restated Senior Secured Revolving Credit Facility Agreement that, among other things, (a) reduced the aggregate principal amount of revolving loan commitments from $200.0 million to $125.0 million, (b) extended the agreement's maturity date until March 31, 2021, (c) revised the definition of EBITDA to permit an add-back for ongoing litigation expenses related to the H225 helicopters, and (d) adjusted the covenant requirement to maintain an interest coverage ratio of not less than 1.75:1:00 and a senior secured leverage ratio of not more than 3.25:100. Refer to Note 8 of the Notes to Consolidated Financial Statements in Item 8 of this Annual Report on Form 10-K for additional information.

If we experience reduced operating revenues, our ability to utilize our Revolving Credit Facility may be limited or we may require additional investments in our capital stock to maintain our financial ratio within applicable limits. Any inability to borrow under our Revolving Credit Facility could have a material adverse effect on our ability to make capital expenditures and our business, financial condition and results of operations. Further, failure to maintain the financial ratios required under our Revolving Credit Facility would constitute an event of default, allowing the lenders under our Revolving Credit Facility to declare the entire balance of any and all sums payable under the facility immediately due and payable, which in turn would permit the holders of our 7.750% Senior Notes to accelerate maturity of the 7.750% Senior Notes.

Our ability to meet our debt service obligations and refinance our indebtedness, including any future debt that we may incur, will depend upon our ability to generate cash in the future from operations, financings or asset sales, which are subject to general economic conditions, industry cycles, seasonality and other factors, some of which may be beyond our control. If we cannot repay or refinance our debt as it becomes due, we may be forced to sell assets or take other disadvantageous actions, including reducing financing in the future for working capital, capital expenditures and general corporate purposes or dedicating an unsustainable level of our cash flow from operations to the payment of principal and interest on our indebtedness. Any failure to repay or refinance may also permit the lenders who hold such debt to accelerate amounts due, which would potentially trigger default or acceleration of our other debt. In addition, our ability to withstand competitive pressures and to react to changes in our industry could be impaired.

Our future debt levels and the terms of any future indebtedness we may incur may contain restrictive covenants and limit our liquidity and our ability to obtain additional financing and pursue acquisitions and joint ventures or purchase new helicopters. Tight credit conditions could limit our ability to secure additional financing, if required, due to difficulties accessing the credit and capital markets.

Any downgrade in the credit ratings for our public debt securities could limit our ability to obtain future financing, increase our borrowing costs and adversely affect the market price of our outstanding debt securities, or otherwise impair our business, financial condition and results of operations.

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Credit rating agencies continually review our corporate ratings and ratings for our public debt securities. Credit rating agencies also evaluate the industries in which we and our affiliates operate as a whole and may change their credit rating for us based on their overall view of such industries. In March 2016, Moody's conducted a review of oilfield services companies in the United States and downgraded our corporate family rating to B3 from B1, with a negative outlook which is where it remains today. There can be no assurance that any rating assigned to our currently outstanding public debt securities will remain in effect for any given period of time or that any such ratings will not be lowered, suspended or withdrawn entirely by a rating agency if, in that rating agency's judgment, circumstances so warrant.

A further downgrade of our credit ratings could, among other things:

- limit our access to the capital markets or otherwise adversely affect the availability of other new financing on favorable terms, if at all;
- result in more restrictive covenants in agreements governing the terms of any future indebtedness that we may incur;
- increase our cost of borrowing;
- adversely affect the market price of our 7.750% Senior Notes; and
- impair our business, financial condition and results of operations.

Upon a change of control, holders of our 7.750% Senior Notes will have the right to require us to purchase their notes, which could have certain adverse ramifications.

Upon a "Change of Control Trigger Event" (as defined in the indenture governing our 7.750% Senior Notes), each holder of our 7.750% Senior Notes will have the right to require us to purchase any or all of that holder's notes at a price of 101% of the principal amount of their notes plus accrued and unpaid interest. If, due to lack of cash, legal or contractual impediments, or otherwise, we fail to discharge these obligations, such failure could constitute an event of default under such notes, which could in turn constitute a default under our other outstanding debt agreements, including our Revolving Credit Facility. Moreover, the existence of these purchase obligations may, in certain circumstances, discourage a sale or takeover of us or the removal of our incumbent directors.

We are exposed to credit risks.

We are exposed to credit risk on trade receivables and the unexpected loss of cash and earnings when a customer cannot meet its obligation to us or when the value of security provided declines. Customer credit risk is exacerbated 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.

Our global operations are subject to foreign currency, interest rate, fixed-income, equity and commodity price risks.

We are exposed to currency fluctuations and exchange rate risks. A significant portion of our unfunded capital purchase obligations are denominated in foreign currencies and, although some of these risks may be hedged, fluctuations could significantly impact our cost of purchase and, as a result, our business, financial condition and results of operation. We purchase some of our helicopters and helicopter parts from foreign manufacturers and maintain operations in foreign countries, which results in portions of our revenues and expenses being denominated in foreign currencies. We attempt to minimize our exposure to currency exchange risk by contracting the majority of our services in U.S. dollars. As a result, a strong U.S. dollar may increase the local cost of our services that are provided under the U.S. dollar denominated contracts, which may reduce demand for our services in foreign countries. Generally, we do not enter into hedging transactions to protect against exchange risks related to our gross revenue or operating expenses.

In addition, currency fluctuations could result in particular helicopter models becoming less expensive for our competitors, which could lead to excess helicopter capacity and increased competition, in turn jeopardizing both pricing and utilization of our equipment. Such currency fluctuations could also impact residual values for certain helicopters priced in foreign currencies.

Because we maintain our financial statements in U.S. dollars, our financial results are vulnerable to fluctuations in the exchange rate between the U.S. dollar and foreign currencies, primarily the euro and the Brazilian real. Changes in exchange rates could materially adversely affect our business, financial condition or results of operations.
We operate in countries with foreign exchange controls, including Brazil and India. These controls may limit our ability to repatriate funds from our international operations or otherwise convert local currencies into U.S. dollars. These limitations could adversely affect our ability to access cash from these operations and our liquidity.
Difficult economic and financial conditions could have a material adverse effect on us.
The financial results of our business are both directly and indirectly dependent upon economic conditions throughout the world, which in turn can be impacted by conditions in the global financial markets. These factors are outside our control and changes in circumstances are difficult to predict. Uncertainty about global economic conditions may lead businesses to postpone spending in response to tighter credit and reductions in income or asset values, which may lead many lenders and institutional investors to reduce, and in some cases, cease to provide, funding to borrowers. Weak economic activity may lead government customers to cut back on services. Factors such as interest rates, availability of credit, inflation rates, economic uncertainty, regulatory and tax changes, trade barriers, commodity prices, currency exchange rates and controls, national and international political circumstances (including wars, terrorist acts or security operations) and the failure of lenders participating in our Revolving Credit Facility to fulfill their commitments and obligations under such facility could have a material adverse effect on our business, financial condition and results of operations.
A slowdown in economic activity can reduce worldwide demand for energy and result in an extended period of lower oil and natural gas prices. A prolonged reduction in oil and natural gas prices may depress the activity levels of oil and gas companies, which could adversely impact the financial position of our customers and the customers of those operators to whom we lease helicopters. As a result, there could be a corresponding decline in demand for our services, an increase in the volatility of our stock price and an inability of our customers to pay amounts owed to us in a timely manner or at all. Perceptions of a long-term depression of oil and natural gas prices may also further reduce or defer major expenditures by oil and gas companies given the long-term nature of many large-scale development projects. These conditions could have a material adverse effect on our business, financial condition and results of operations.
Weather and seasonality can impact our results of operations.
A significant portion of our revenues is dependent on actual flight hours, which may be impacted by prolonged periods of adverse weather conditions. During the fall and winter months, weather conditions are generally more extreme, with periods of poor visibility, high winds and heavy precipitation in some areas. As a result, oil and gas exploration, development and production activity in areas such as Alaska decreases in winter months. In addition, although some of our helicopters are equipped to fly at night, operations servicing offshore oil and gas transport of passengers and other non-emergency operations are generally conducted during daylight hours. During winter months, there are fewer daylight hours, particularly in Alaska. As a result of adverse weather conditions and lack of daylight, our flight hours, and therefore revenues, tend to decline in the winter months.
Our operations in the U.S. Gulf of Mexico may also be adversely affected by weather. Tropical storm season runs from June through November. Tropical storms and hurricanes limit our ability to operate our helicopters in the proximity of a storm, reduce oil and gas exploration, development and production activity, could result in the incurrence of additional expenses to secure equipment and facilities and may require us to evacuate our aircraft, personnel and equipment out of the path of a storm. In addition, a significant portion of our facilities are located along the coast of the U.S. Gulf of Mexico and extreme weather may cause substantial damage to such properties. Despite our efforts to prepare for storms and secure our equipment, we may suffer damage to our helicopters or our facilities, which may impact our ability to provide our services. Any negative impact as a result of adverse weather conditions or the seasonality of our operations may materially affect our business, financial condition and results of operations.
We may undertake one or more significant corporate transactions that may not achieve their intended results, may result in unforeseeable risks to our business and may materially adversely affect our business, financial condition and results of operations.

We continuously evaluate the acquisition of operating businesses and assets and may in the future undertake one or more significant transactions. Any such transaction could be material to our business and could take any number of forms, including mergers, joint ventures and the purchase of equity interests. The consideration for such transactions may include, among other things, cash, common stock or equity interests in us or our subsidiaries, or a contribution of equipment to obtain equity interests. Further, if we were to complete such an acquisition, disposition, investment or other strategic transaction, we may require additional debt or equity financing, which could result in a significant increase in our amount of debt and our debt service obligations or the number of outstanding shares of our Common Stock, thereby diluting holders of our Common Stock outstanding prior to such acquisition. We also routinely evaluate the benefits of disposing of certain of our assets. Such dispositions could take the form of asset sales, mergers or sales of equity interests.

These strategic transactions may not achieve their intended results and may present significant risks, such as insufficient revenues to offset liabilities assumed, potential loss of significant revenues and income streams, increased or unexpected expenses, inadequate return of capital, regulatory or compliance issues, impairment of intangible assets such as goodwill that may be acquired, the triggering of certain covenants in our debt instruments (including accelerated repayment) and unidentified issues not discovered in due diligence. In addition, such transactions could distract management from current operations. As a result of the risks inherent in such transactions, we cannot guarantee that any such transaction will ultimately result in the realization of its anticipated benefits or that it will not have a material adverse impact on our business, financial condition and results of operations.

Our failure to attract and retain qualified personnel could have an adverse effect on our business, financial condition and results of operations.

Loss of the services of key management personnel at our corporate and regional headquarters without being able to attract personnel of equal ability could have a material adverse effect on our business, financial condition and results of operations. Further, Title 49 of the Transportation Code and other statutes require that our President and two-thirds of our board of directors and other managing officers be U.S. citizens which limits the potential pool of new candidates. The skills, experience and industry contacts of our senior management significantly benefit our operations and administration. The failure to attract, retain and properly motivate the members of our senior management team and other key employees, or to find suitable replacements for them in the event of death, ill health or their desire to pursue other professional opportunities, could have a material adverse effect on business, financial condition and results of operations.

Our ability to attract and retain qualified pilots, mechanics and other highly trained personnel is likewise an important factor in determining our future success. For example, many of our customers require pilots with very high levels of flight experience. In addition, the maintenance of our helicopters requires mechanics that are trained and experienced in servicing particular makes and models of helicopters. The market for these highly trained personnel is competitive and we cannot be certain that we will be successful in attracting and retaining qualified personnel in the future. Some of our pilots, mechanics and other highly trained personnel, as well as those of our competitors, are members of the U.S. military reserves who have been, or could be, called to active duty. If significant numbers of such personnel are called to active duty, it would reduce the supply of such workers and likely increase our labor costs.

In addition, if we enter into new markets, obtain additional customer contracts, experience an increase in the demand for our services, add new helicopter models to our fleet or experience a sudden change in demand for a specific model of aircraft, we may be required to hire additional pilots, mechanics and other flight-related personnel, which we may not be able to do on a timely or cost-effective basis. Our failure to attract and retain qualified personnel could have a material adverse effect on our business, financial condition and results of operations.

Labor problems could adversely affect us.

All of our employees in Brazil (representing approximately 28% of our employees) are represented under collective bargaining or union agreements. Any disputes over the terms of these agreements or our potential inability to negotiate acceptable contracts with the unions that represent our employees under these agreements could result in strikes, work stoppages or other slowdowns by the affected workers. Our U.S. employees are not currently represented by a collective bargaining agreement. However, we cannot assure you that our employees will not unionize in the future. Periodically, certain groups of our employees may consider entering into such an agreement.

If our unionized workers engage in a strike, work stoppage or other slowdown, other employees elect to become unionized, existing labor agreements are renegotiated, or future labor agreements contain terms that are unfavorable to us, we could experience a disruption of our operations or higher ongoing labor costs, which could materially adversely affect our business, financial condition and results of operations.

Adverse results of legal proceedings could have a material adverse effect on us.

We are subject to, and may in the future be subject to a variety of legal proceedings and claims that arise out of the ordinary conduct of our business. Results of legal proceedings cannot be predicted with certainty. Irrespective of their merits, legal proceedings may be both lengthy and disruptive to our operations and may cause significant expenditure and diversion of management attention. We may face significant monetary damages or injunctive relief that could have a material adverse effect on our business, financial condition and results of operations should we not prevail in certain matters.

Negative publicity may materially adversely affect us.

Media coverage and public statements that insinuate improper actions by us or relate to accidents or other issues involving the safety of our helicopters or operations, regardless of their factual accuracy or truthfulness, may result in negative publicity, litigation or governmental investigations by regulators. Specifically, accidents involving any aircraft operated by us or another operator could cause material adverse publicity affecting us or our industry generally and could lead to the perception that our aircraft are not safe or reliable.

Addressing negative publicity and any resulting litigation or investigations may distract management, increase costs and divert resources. Further, negative publicity may have an adverse impact on our reputation, our customer relationships and the morale of our employees, which could materially adversely affect our business, financial condition and results of operations.

Failure to develop or implement new technologies could materially adversely affect our business, financial condition and results of operations.

Many of the helicopters that we operate, and the demand for such helicopters, are subject to changing technology, introductions and enhancements of models of helicopters and services and shifting customer demands, including technology preferences. Our future growth and financial performance will depend in part upon our ability to develop, market and integrate new services and to accommodate the latest technological advances and client preferences. In addition, the introduction of new services or technologies, such as unmanned aerial vehicles, that compete with our services could result in our revenues decreasing over time. If we are unable to upgrade our operations or fleet with the latest technological advances in a timely manner, or at all, our business, financial condition and results of operations could suffer. Furthermore, any disruption to computers, communication systems or other technical equipment used by us and our fleet could significantly impair our ability to operate our business efficiently and could have a material adverse effect on our business, financial condition and results of operations.

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

We rely on information technology networks and systems to process, transmit and store electronic and financial information; to capture knowledge of our business; to coordinate our business across our operation bases and to communicate with our employees and externally with customers, suppliers, partners and other third parties. These information technology systems, some of which are managed by third parties, may be susceptible to damage, disruptions or shutdowns, hardware or software failures, power outages, computer viruses, cyber attacks, telecommunication failures, user errors, lack of support or catastrophic events and we may experience such damages, interruptions, malfunctions or security breaches in the future. Our systems may also be older generations of software which are unable to perform as effectively as, and fail to communicate well with, newer systems.

Our information technology systems are becoming increasingly integrated. If our information technology systems were to suffer severe damage, disruption or shutdown and our business continuity plans do not effectively resolve the issues in a timely manner, we could experience business disruptions, which would have a material adverse effect on our business, financial condition and results of operations and on the ability of management to align and optimize technology to implement business strategies. In addition, cyber attacks could lead to potential unauthorized access and disclosure of confidential information, including the Personally Identifiable Information of our customers and employees. Cyber attacks could also lead to data loss and corruption. There is no assurance that we will not experience these service interruptions or cyber attacks in the future. Further, as the frequency, scope and sophistication of cyber attacks continue to evolve, we may be required to expend additional resources to continue to modify or enhance our protective measures or to investigate and remediate any vulnerabilities to cyber attacks. A security breach may also lead to potential claims from third parties or employees.

Significant increases in fuel costs can have a material adverse effect on our business, financial condition and results of operations.

Fuel is essential to the operation of our helicopters and to our ability to carry out our transport services and is a key component of our operating expenses. High fuel costs can increase the cost of operating our helicopters. Any increased fuel costs may negatively impact our net sales, margins, operating expenses and results of operations. Although during times of high fuel costs in the past we have been able to pass along a significant portion of the increased costs to our customers, we cannot assure you that we will be able to do so in the future if a prolonged period of high fuel costs occurs. To the extent there is a significant increase in fuel costs that we are unable to pass on to our customers, it may have a material adverse effect on our business, financial condition and results of operations.

Risk Factors Relating to Regulations

If we do not restrict the amount of foreign ownership of our Common Stock, we may fail to remain a U.S. citizen, lose our status as a U.S. air carrier and be prohibited from operating helicopters in the U.S., which would adversely impact our business, financial condition and results of operations.

Since we hold the status of a U.S. air carrier under the regulations of both the U.S. DOT and the FAA and we engage in the operating and leasing of helicopters in the U.S., we are subject to regulations pursuant to the Transportation Code and other statutes (collectively, “Aviation Acts”). The Transportation Code requires that certificates to engage in air transportation be held only by citizens of the U.S. as that term is defined in the relevant section of the Transportation Code. That section requires: (i) that our president and two-thirds of our board of directors and other managing officers be U.S. citizens; (ii) that at least 75% of our outstanding voting stock be owned by U.S. citizens; and (iii) that we must be under the actual control of U.S. citizens. Further,

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our helicopters operating in the U.S. must generally be registered in the U.S. In order to register such helicopters under the Aviation Acts, we must be owned or controlled by U.S. citizens. Although our amended and restated certificate of incorporation and amended and restated bylaws contain provisions intended to ensure compliance with the provisions of the Aviation Acts, failure to maintain compliance would result in the loss of our air carrier status prohibiting us from operating helicopters in the U.S. during any period in which we did not comply with these regulations, and would thereby adversely affect our business, financial condition and results of operations.

We are subject to governmental regulation that limits foreign ownership of helicopter companies.

We are subject to governmental regulation that limits foreign ownership of helicopter companies in favor of domestic ownership. Failure to comply with regulations and requirements for local ownership in the various markets in which we operate, and may operate in the future, may subject our helicopters to deregistration or impoundment. If required levels of local ownership are not met or maintained, joint ventures in which we have significant investments could also be prohibited from operating within these countries. Deregistration of our helicopters or helicopters operated by our joint venture partners for any reason, including foreign ownership in excess of permitted levels, would have a material adverse effect on our ability to conduct operations within these markets. We cannot assure you that there will be no changes in aviation laws, regulations, required levels of local ownership, or administrative requirements or the interpretations thereof, that could restrict or prohibit our ability to operate in certain regions. Any such restriction or prohibition on our ability to operate may have a material adverse effect on our business, financial condition and results of operations.

The Outer Continental Shelf Lands Act, as amended, provides the federal government with broad discretion in regulating the leasing of offshore resources for the production of oil and gas.

We currently derive a significant portion of our revenues from services we provide in the U.S. Gulf of Mexico in support of offshore oil and gas exploration, development and production activity. As such, we are subject to the U.S. government’s exercise of authority under the provisions of the Outer Continental Shelf Lands Act. The Outer Continental Shelf Lands Act restricts the availability of offshore oil and gas leases by requiring certain lease conditions, such as the implementation of safety and environmental protections, the preparation of spill contingency plans and air quality standards for certain pollutants, the violation of any of which could result in a potential court injunction curtailing operations and lease cancellations. The Outer Continental Shelf Lands Act also requires that all pipelines operating on or across the outer continental shelf provide open and nondiscriminatory access to shippers. These provisions could adversely impact exploration and production activity in the U.S. Gulf of Mexico. If activity in oil and gas exploration, development and production in the U.S. Gulf of Mexico declines, our business, financial condition and results of operations could be materially adversely affected.

We are subject to tax and other legal compliance risks, including anti-corruption statutes, the violation of which may materially adversely affect our business, financial condition and results of operations.

As a global business, we are subject to complex laws and regulations in the U.S. and other countries in which we operate. These laws and regulations relate to a number of aspects of our business, including import and export controls, the payment of taxes, employment and labor relations, fair competition, data privacy protections, securities regulation, anti-money laundering, anti-corruption, economic sanctions and other regulatory requirements affecting trade and investment. The application of these laws and regulations to our business is often unclear and may sometimes conflict. Compliance with these laws and regulations may involve significant costs or require changes in our business practices that result in reduced revenue and profitability. A failure to comply could also result in significant fines, damages and other criminal sanctions against us, our officers, employees, joint venture partners or strategic partners, prohibitions or additional requirements on the conduct of our business and damage to our reputation. Further, we could be charged with wrongdoing for any violation of such laws and regulations by our agents, local partners or joint ventures, even though such parties may not be subject to the applicable statutes or may not operate under our control. Failure by us or one of our agents, joint ventures or strategic partners to comply with applicable export and trade practice laws could result in civil or criminal penalties and suspension or termination of export privileges. Certain violations of law could also result in suspension or debarment from government contracts. We incur additional legal compliance costs associated with our global regulations and the changes in laws or regulations and related interpretations and other guidance could result in higher expenses and payments. Uncertainty relating to such laws or regulations may also affect how we conduct our operations and structure our investments and could limit our ability to enforce our rights.

In many foreign countries, particularly those with developing economies, it may be customary for others to engage in business practices that are prohibited by laws such as the FCPA, the U.K. Bribery Act and the BCCA in Brazil, an anti-bribery law that is similar to the FCPA and U.K. Bribery Act. Although we have implemented policies and procedures designed to ensure compliance with these laws, there can be no assurance that all of our employees, contractors, agents and business partners will not take action in violation of our internal policies and applicable law and any such violation could have a material adverse effect on our business, financial condition and results of operations.

Environmental regulation and liabilities, including new or developing laws and regulations, may increase our costs of operations and materially adversely affect us.

Our operations are subject to international and U.S. federal, state and local environmental laws and regulations, including those that impose limitations on the discharge of pollutants into the environment and establish standards for the treatment, storage, recycling and disposal of toxic and hazardous wastes. The nature of our business requires that we use, store and dispose of materials that are subject to environmental regulation. Environmental laws and regulations change frequently, which makes it difficult for us to predict their cost or impact on our future operations. Liabilities associated with environmental matters could have a material adverse effect on our business, financial condition and results of operations. Further, we could be exposed to strict, joint and several liability for cleanup costs, natural resource damages and other damages as a result of our conduct that was lawful at the time it occurred or the conduct of, or conditions caused by, prior operators or other third parties. Any failure by us to comply with applicable environmental laws and regulations may result in governmental authorities taking action against us that could adversely impact our operations and financial condition. Such actions may include the:

- issuance of administrative, civil and criminal penalties;
- denial or revocation of permits or other authorizations;
- imposition of limitations on our operations; and
- performance of site investigatory, remedial or other corrective actions.

In addition, our customers in the oil and gas exploration, development and production industry are affected by environmental laws and regulations that restrict their activities (and have become stricter as a result of the Deepwater Horizon incident) and may result in reduced demand for our services.

Environmental laws and regulations change frequently, requiring us to devote a substantial amount of capital and other resources for compliance. In recent years, governments have increasingly focused on climate change, carbon emissions and energy use. Laws and regulations that curb the use of conventional energy, or require the use of renewable fuels or renewable sources of energy-such as wind or solar power, could result in a reduction in demand for hydrocarbon-based fuels such as oil and natural gas. In addition, governments could pass laws, regulations or taxes that increase the cost of such fuels, thereby decreasing demand for our services and also increasing the costs of our operations. More stringent environmental laws, regulations or enforcement policies could have a material adverse effect on our business, financial condition and results of operations.

Actions taken by government agencies, such as the Department of Commerce, the Department of Transportation and the FAA, could increase our costs and prohibit or reduce our ability to operate successfully.

Our industry is regulated by various laws and regulations in the jurisdictions in which we operate. The scope of such regulation includes infrastructure and operational issues relating to helicopters, maintenance, spare parts and route flying rights as well as safety and security requirements. We cannot fully anticipate all changes that might be made to the laws and regulations to which we are subject or the possible impact of such changes. These changes could subject us to additional costs and restrictions.

U.S. Our operations are highly regulated by several U.S. government regulatory agencies. For example, as a certified air carrier, we are subject to regulations promulgated by the DOT and the FAA. The FAA regulates our flight operations and imposes requirements with respect to personnel, aircraft, ground facilities and other aspects of our operations, including:

- certification and reporting requirements;
- inspections;
- maintenance standards;
- personnel training standards; and
- maintenance of personnel and aircraft records.

The Department of Transportation can review our economic fitness to continue our operations, both presently and if a substantial change occurs to our management, ownership or capital structure, among other things. The Department of Commerce, through its International Traffic in Arms Regulations, regulates our imports and exports of aircraft (through leases and sales) as well as parts sales to international customers and the use of certain regulated technology in domestic and international airspace. If we fail to comply with these laws and regulations, or if these agencies develop concerns over our operations, we could face administrative, civil and/or criminal penalties. In addition, we may become subject to regulatory actions that could suspend, curtail or significantly modify our operations. A suspension or substantial curtailment of our operations or any substantial modification of our current operations may have a material adverse effect on our business, financial condition and results of operations.

Brazil. Aeróleo, a Brazilian company 50% owned by us, operates in Brazil. To operate helicopters in Brazil, an operator must be licensed by the National Agency for Civil Aviation. Under applicable Brazilian law, in order to maintain its license, an operator must have Brazilian officers and be “controlled” by nationals of Brazil, meaning that at least 80% of such operator’s voting shares are held by Brazilian nationals. The majority holder of voting shares in Aeróleo is a Brazilian national and therefore Aeróleo is considered “controlled” within the meaning of Brazil licensing requirements. Any change in the national status of the majority shareholder in Aeróleo and/or in the nationality of the officers of this subsidiary could affect the licenses of Aeróleo. Our

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ability to conduct our helicopter operating business in Brazil is dependent on our ability to maintain Aeróleo's licenses and AOC. If we are unable to maintain such licenses and AOC, we will be prevented from performing flying operations in Brazil.

Other Countries and Regulations. Our operations in other jurisdictions are regulated to various degrees by the governments of such jurisdictions and must be conducted in compliance with those regulations and, where applicable, in accordance with our air service licenses and AOC. Such regulations may require us to obtain a license to operate in that country, favor local companies or require operating permits that can only be obtained by locally registered companies and may impose other nationality requirements. In such cases, we partner with local persons, but there is no assurance regarding which foreign governmental regulations may be applicable in the future to our helicopter operations and whether we would be able to comply with them.

The revocation of any of the licenses discussed above or the termination of any of our relationships with local parties could have a material adverse effect on our business, financial condition and results of operations.

Changes in effective tax rates, taxation of our foreign subsidiaries or adverse outcomes resulting from examination of our tax returns could adversely affect our business, financial condition and results of operations.

Our future effective tax rates could be adversely affected by changes in tax laws, both domestically and internationally, or the interpretation or application thereof. From time to time, the U.S. Congress and foreign, state and local governments consider legislation that could increase our effective tax rate or the effective tax rates of our consolidated affiliates. We cannot determine whether, or in what form, legislation will ultimately be enacted or what the impact of any such legislation would have on our profitability. If these or other changes to tax laws are enacted that increase our effective tax rate, such changes could have a material adverse effect on our business, financial condition and results of operation.

Our future effective tax rates could also be materially adversely affected by changes in the valuation of our deferred tax assets and liabilities, changes in the mix of earnings in countries with differing statutory tax rates, the ultimate repatriation of earnings from foreign subsidiaries to the U.S., or by changes in tax treaties, regulations, accounting principles or interpretations thereof in one or more countries in which we operate. In addition, we are subject to the potential examination of our income tax returns by the Internal Revenue Service (the "IRS") and other tax authorities where we file tax returns. We regularly assess the likelihood of adverse outcomes resulting from these examinations to determine the adequacy of our provision for income taxes. There can be no assurance that such examinations will not have a material adverse effect on our business, financial condition and results of operations.

We are subject to many different forms of taxation in various jurisdictions throughout the world, which could lead to disagreements with tax authorities regarding the application of tax laws.

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

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

Recently enacted tax reform legislation, informally known as the Tax Cuts and Jobs Act of 2017 (the "Tax Act"), adopted significant changes to the Internal Revenue Code (the "Code"), including, among other things, significantly reducing the statutory corporate U.S. federal income tax rate, imposing limitations on the ability to deduct interest expense and net operating losses and making changes to the way a U.S. multinational's foreign operations are taxed, including a one-time mandatory tax on deferred foreign earnings and the imposition of the "base erosion anti-abuse tax." Because the Tax Act was adopted in December 2017, we have made estimates of the effects of the Tax Act on our financial results and condition that we believe are reasonable and have recorded provisional amounts in our financial statements as of December 31, 2017. However, we may make adjustments to the provisional amounts as we continue to assess the impact the Tax Act will have on us and such adjustments may materially impact our provision for income taxes and effective tax rate in the period in which the adjustments are made.

Risk Factors Relating to Our Common Stock

Our stock price may fluctuate significantly.

The trading price of our Common Stock may be volatile and subject to wide price fluctuations in response to various factors, including:

- market conditions in the broader stock market;
- commodity prices, including oil and gas prices and the perceived level of off-shore oil and gas activities;
- actual or anticipated fluctuations in our quarterly financial condition and results of operations;
- introduction of new equipment or services by us or our competitors;
- grounding of all or a portion of our fleet;
- issuance of new or changed securities analysts' reports or recommendations;
- sales, or anticipated sales, of large blocks of our stock;
- additions or departures of key personnel;
- regulatory or political developments;
- litigation and governmental investigations; and
- changing economic conditions.

The market for our Common Stock has historically experienced and may continue to experience significant price and volume fluctuations similar to those experienced by the broader stock market in recent years. Generally, the fluctuations experienced by the broader stock market have affected the market prices of securities issued by many companies for reasons unrelated to their operating performance and may adversely affect the price of our Common Stock. In addition, our announcements of our quarterly operating results, changes in general conditions in the economy or the financial markets and other developments affecting us, our affiliates or our competitors could cause the market price of our Common Stock to fluctuate substantially.

If securities analysts or industry analysts downgrade our Common Stock, publish negative research or reports or fail to publish reports about our business, the price and trading volume of our Common Stock could decline.

The trading market for our Common Stock will be influenced by the research and reports that industry or securities analysts publish about us, our business and our market. If one or more analysts adversely change their recommendation regarding our Common Stock or our competitors' stock, our share price would likely decline. If one or more analysts cease coverage of us or fail to publish reports on us regularly, we could lose visibility in the financial markets which in turn could cause our share price or trading volume to decline.

We limit foreign ownership of our company, which could reduce the price of our Common Stock and cause owners of our Common Stock who are not U.S. persons to lose their voting rights.

Our amended and restated certificate of incorporation provides that persons or entities that are not "citizens of the U.S." (as defined in the Federal Aviation Act of 1958) shall not collectively own or control more than 24.9% of the voting power of our outstanding capital stock (the "Permitted Foreign Ownership Percentage") and that, if at any time persons that are not citizens of the U.S. nevertheless collectively own or control more than the Permitted Foreign Ownership Percentage, the voting rights of our outstanding voting capital stock in excess of the Permitted Foreign Ownership Percentage owned by stockholders who are not citizens of the U.S. shall automatically be reduced. These voting rights will be reduced pro rata among the holders of voting shares who are not citizens of the U.S. to equal the Permitted Foreign Ownership Percentage based on the number of votes to which the underlying voting securities are entitled. Shares held by persons who are not citizens of the U.S. may lose their associated voting rights and be redeemed as a result of these provisions. These restrictions may also have a material adverse impact on the liquidity or market value of our Common Stock because stockholders may be unable to transfer our Common Stock to persons who are not citizens of the U.S.

We have not paid dividends on our Common Stock historically and may not pay any cash dividends on our Common Stock for the foreseeable future.

We have not paid cash dividends historically, nor do we expect to pay cash dividends on our Common Stock in the foreseeable future.

Risk Factors Relating to Our Operation as a Public Company

For as long as we are an emerging growth company, we will be exempt from certain reporting requirements, including those relating to accounting standards and disclosure about our executive compensation, that apply to other public companies.

Under the JOBS Act, we are classified as an emerging growth company, which is defined as a company with annual gross revenues of less than $1 billion, that has been a public reporting company for a period of less than five years, and that does not have a public float of $700 million or more in securities held by non-affiliated holders. For as long as we are an emerging growth company, unlike other public companies, unless we elect not to take advantage of applicable JOBS Act provisions, we will not be required to (i) provide an auditor's attestation report on management's assessment of the effectiveness of our system of internal control over financial reporting pursuant to Section 404 of the Sarbanes-Oxley Act, (ii) comply with any new or revised financial accounting standards applicable to public companies until such standards are also applicable to private companies under Section 102(b)(1) of the JOBS Act, (iii) comply with any new requirements adopted by the Public Company Accounting Oversight Board (the "PCAOB"), such as the proposed requirements for mandatory audit firm rotation or a supplement to the auditor's report in which the auditor would be required to provide additional information about the audit and the financial statements of the issuer, (iv) comply with any new audit rules adopted by the PCAOB after April 5, 2012 unless the SEC determines otherwise, (v) provide certain disclosure regarding executive compensation required of larger public companies or (vi) hold stockholder advisory and other votes on executive compensation. We cannot predict if investors will find our Common Stock less attractive if we choose to continue to rely on these exemptions. If some investors find our Common Stock less attractive as a result of the relaxed reporting requirements applicable to emerging growth companies, there may be a less active trading market for our Common Stock and our stock price may be more volatile.

As noted above, under the JOBS Act, emerging growth companies can delay adopting new or revised accounting standards that have different effective dates for public and private companies until such time as those standards apply to private companies. We have elected not to take advantage of such extended transition period. This election is irrevocable pursuant to Section 107 of the JOBS Act. Unless our public float exceeds $700 million or our annual revenues exceed $1 billion before then, Era Group will cease to be an emerging growth company no later than December 31, 2018.

The cost of compliance or failure to comply with the Exchange Act, the Sarbanes-Oxley Act of 2002 and the NYSE requirements may materially adversely affect our business, financial condition and results of operations.

We are subject to the reporting requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act") and certain provisions of the Sarbanes-Oxley Act as well as the reporting and corporate governance requirements of the NYSE. When we are no longer considered an emerging growth company pursuant to the JOBS Act (which will be no later than December 31, 2018 unless our public float exceeds $700 million or our annual revenues exceed $1 billion before such date), we will become subject to additional requirements under the Sarbanes-Oxley Act, including the requirement to provide an auditor's attestation report on management's assessment of the effectiveness of our system of internal controls over financial reporting. These requirements impose significant compliance obligations upon us and may place a strain on our systems and resources. The Exchange Act requires that we file annual and current reports with respect to our business and financial condition. The Sarbanes-Oxley Act requires that we maintain effective disclosure controls and procedures and internal controls over financial reporting. The failure to comply with Section 404 of the Sarbanes-Oxley Act may result in investors losing confidence in the reliability of our financial statements (which may result in a decrease in the trading price of our Common Stock), prevent us from providing the required financial information in a timely manner (which could materially adversely affect our business, financial condition, results of operations, the trading price of our Common Stock and our ability to access capital markets, if necessary), prevent us from otherwise complying with the standards applicable to us as an independent, publicly-traded company and subject us to adverse regulatory consequences.

We have identified material weaknesses in our internal control over financial reporting which could, if not remediated, adversely affect our ability to report our financial condition and results of operations in a timely and accurate manner, investor confidence in our Company and, as a result, the value of our Common Stock.

We are required to report on the effectiveness of our internal controls over financial reporting and include in our Annual Reports on Form 10-K management's assessment of the effectiveness of such controls. In connection with management's assessment of our internal control over financial reporting for the year ended December 31, 2016, as well as the preparation of our Quarterly Report for the quarterly period ended September 30, 2017, management identified certain material weaknesses in our internal controls. A "material weakness" is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

As described in Part II Item 9A "Management's Report on Internal Control Over Financial Reporting," our material weakness related to fixed assets controls initially identified in fiscal 2016 has been remediated. However, in our assessment of our internal controls for the year ended December 31, 2017, management identified a material weakness in our internal control over financial reporting related to review controls over the monthly calculation and accrual of interest relating to tax installment agreements entered into by Aeróleo, our subsidiary in Brazil. Additionally, a material weakness was identified in the third quarter of 2017 related to income tax and the tax accrual process which is still in process of being remediated. As a result of such material weaknesses, our management concluded that our disclosure controls and procedures and internal control over financial reporting were not effective as of December 31, 2017. We are in the process of remediating these material weaknesses, but our remediation efforts are not complete. As we continue to evaluate and work to improve our internal controls, management may determine to take additional measures to address these material weaknesses or determine to modify its remediation plan.

Until our remediation plan is fully implemented, our management will continue to devote time and attention to these efforts. If we do not complete our remediation in a timely fashion, or at all, or if our remediation plan is inadequate, there will be an increased risk that we will be unable to timely file future periodic reports with the SEC and that our future consolidated financial statements could contain errors that will be undetected. If we are unable to report our results in a timely and accurate manner, we may not be able to comply with the applicable covenants in our financing arrangements and may be required to seek amendments or waivers under these financing arrangements, which could adversely impact our liquidity and financial condition. The existence of a material weakness in the effectiveness of our internal controls could also affect our ability to obtain financing or could increase the cost of any financing we obtain. The identification of the material weakness could also cause investors to lose confidence in the reliability of our financial statements and could result in a decrease in the value of our common stock.

Provisions in our amended and restated certificate of incorporation, amended and restated bylaws and Delaware law may discourage, delay or prevent a change of control of our Company or changes in our management.
Our amended and restated certificate of incorporation and amended and restated bylaws include certain provisions that could have the effect of discouraging, delaying or preventing a change of control of our Company or changes in our management. Such provisions include, among other things:

- restrictions on the ability of our stockholders to fill a vacancy on the board of directors;
- restrictions related to the ability of non-U.S. citizens owning our Common Stock;
- our ability to issue preferred stock with terms that the board of directors may determine, without stockholder approval, which could be used to significantly dilute the ownership of a hostile acquirer;
- the absence of cumulative voting in the election of directors which may limit the ability of minority stockholders to elect directors; and
- advance notice requirements for stockholder proposals and nominations, which may discourage or deter a potential acquirer from soliciting proxies to elect a particular slate of directors or otherwise attempting to obtain control of us.

These provisions in our amended and restated certificate of incorporation and bylaws may discourage, delay or prevent a transaction involving a change in control of our Company that is in the best interest of our stockholders. Even in the absence of a takeover attempt, the existence of these provisions may materially adversely affect the prevailing market price of our Common Stock if they are viewed as discouraging future takeover attempts.

Risk Factors Relating to the Spin-off

If there is a determination that the Spin-off is taxable for U.S. federal income tax purposes because the facts, assumptions, representations or undertakings underlying the Internal Revenue Service ("IRS") ruling or tax opinion are incorrect or for any other reason, then SEACOR, its stockholders that are subject to U.S. federal income tax and Era Group could incur significant U.S. federal income tax liabilities.
In connection with the Spin-off, SEACOR received a private letter ruling from the IRS, together with an opinion of Weil, Gotshal & Manges LLP, tax counsel to SEACOR, substantially to the effect that, among other things, the separation qualifies as a transaction that is tax-free for U.S. federal income tax purposes under Section 355 of the Internal Revenue Code. The ruling and opinion rely on certain facts, assumptions, representations and undertakings from SEACOR and us regarding the past and future conduct of the companies' respective businesses and other matters. If any of these facts, assumptions, representations or undertakings are incorrect or not otherwise satisfied, SEACOR and its stockholders may not be able to rely on the ruling or the opinion and could be subject to significant tax liabilities. Notwithstanding the private letter ruling and opinion of tax counsel, the IRS could determine on audit that the separation is taxable if it determines that any of these facts, assumptions, representations or undertakings are not correct or have been violated or if it disagrees with the conclusions in the opinion that are not covered by the private letter ruling, or for other reasons, including as a result of certain significant changes in the stock ownership of SEACOR or us after the separation. If the separation is determined to be taxable, SEACOR, its stockholders that are subject to U.S. federal income tax and Era Group could incur significant U.S. federal income tax liabilities.
Prior to the separation, we entered into the Tax Matters Agreement with SEACOR, which governs the parties' respective rights, responsibilities and obligations with respect to taxes, tax attributes, the preparation and filing of tax returns, the control of audits and other tax proceedings and assistance and cooperation in respect of tax matters. Taxes

relating to or arising out of the failure of certain of the transactions described in the private letter ruling request and the opinion of tax counsel to qualify as a tax-free transaction for U.S. federal income tax purposes will be borne by SEACOR, except, in general, if such failure is attributable to our action or inaction or SEACOR's action or inaction, as the case may be, or any event (or series of events) involving our assets or stock or the assets or stock of SEACOR, as the case may be, in which case the resulting liability will be borne in full by us or SEACOR, respectively.

Our obligations under the Tax Matters Agreement are not limited in amount or subject to any cap. Further, even if we are not responsible for tax liabilities of SEACOR and its subsidiaries under the Tax Matters Agreement, we nonetheless could be liable under applicable tax law for such liabilities if SEACOR were to fail to pay them. If we are required to pay any liabilities under the circumstances set forth in the Tax Matters Agreement or pursuant to applicable tax law, the amounts may be significant.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

Our executive offices are located in Houston, Texas, and we maintain our U.S. Gulf of Mexico regional headquarters in Lake Charles, Louisiana, where we coordinate operations for the entire U.S. Gulf of Mexico, manage the support of our worldwide operations, and house our primary maintenance facility and training center. We maintain additional bases in the U.S. Gulf of Mexico near key offshore development sites as well. We maintain multiple operating bases in Alaska. Additionally, we maintain a regional headquarters in Rio de Janeiro and multiple operating bases in Brazil and a regional headquarters in Bogotá and multiple operating bases in Colombia. The majority of the bases from which we operate are leased.

Our principal physical properties are helicopters, which are more fully described in Item 1, - “Business - Equipment and Services” above.

ITEM 3. LEGAL PROCEEDINGS

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 has used estimates in determining our potential exposure to these matters and has recorded reserves in our financial statements related thereto as appropriate. It is possible that a change in our estimates related to these exposures could occur, but we do not expect any such changes in estimated costs would have a material effect on our consolidated financial position or results of operations. See Item 7, Management’s Discussion and Analysis of Financial Condition and Results of Operations - Contingencies for a discussion of certain legal proceedings that we are a party to and Note 12 of the Notes to Consolidated Financial Statements in Item 8 of this Annual Report on Form 10-K.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

EXECUTIVE OFFICERS OF THE REGISTRANT

Officers of Era Group serve at the pleasure of the Board of Directors. The name, age and offices held by each of the executive officers of Era Group as of March 5, 2018 were as follows:

Name	Age	Position
Christopher Bradshaw	41	President and Chief Executive Officer since November 2014 and Chief Financial Officer from October 2012 to September 2015. Mr. Bradshaw was appointed a director of the Company in February 2015. He served as the Company's Acting Chief Executive Officer from August 2014 to November 2014. From 2009 until 2012, Mr. Bradshaw served as Managing Partner and Chief Financial Officer of U.S. Capital Advisors LLC, an independent financial advisory firm. Prior to co-founding U.S. Capital Advisors, he was an energy investment banker at UBS Securities LLC, Morgan Stanley & Co., and PaineWebber Incorporated. Additionally, Mr. Bradshaw is an officer and director of certain Era Group joint ventures and subsidiaries.
Stuart Stavley	45	Senior Vice President, Operations and Fleet Management since October 2014. From October 2012 to October 2014, Mr. Stavley served as the Company's Senior Vice President - Fleet Management, and from October 2010 to October 2012, he served as Vice President - Fleet Management. From September 2008 through October 2010, he served as the Company's Director of Technical Services and from September 2005 through September 2008 as the Company's Director of Maintenance. He began with the Company in 1993 and prior to September 2005 also served as Chief Inspector and Field AMT.
Paul White	43	Senior Vice President, Commercial since October 2014. From October 2012 to October 2014, Mr. White served as the Company's Senior Vice President - Domestic, and from August 2010 to October 2012, he served as Vice President, General Manager Gulf of Mexico. Mr. White served as the Company's General Manager of Era Training Center LLC from September 2008 to August 2010 and the Company's Director of Training from 2007 to 2010. Previously Mr. White served in various roles for the Company including Pilot, Check Airman, Senior Check Airman and Assistant Chief Pilot CFR Part 135.
Jennifer Whalen	44	Senior Vice President, Chief Financial Officer since February 2018. From June 2017 to February 2018, Ms. Whalen served as the Company's Vice President, Acting Chief Financial Officer, from August 2013 to June 2017, served as Vice President and Chief Accounting Officer, and from April 2012 to August 2013, served as the Company's Controller. From August 2007 to March 2012, Ms. Whalen served in several capacities at nLIGHT Photonics Corporation, including as Director of Accounting. Prior to these roles, Ms. Whalen served as the Manager of Accounting at InFocus Corporation for just over two years. Ms. Whalen started her career in the assurance practice with PricewaterhouseCoopers LLP.

PART II

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

Market for Our Common Stock

Our Common Stock trades on the NYSE under the trading symbol "ERA." The table below shows the high and low sale prices for our Common Stock during each quarter in the years ended December 31, 2017 and 2016.

	HIGH	LOW
Year Ended December 31, 2017		
Fourth quarter	$11.74	$9.23
Third quarter	11.52	8.10
Second quarter	13.83	8.00
First quarter	17.73	11.07
Year Ended December 31, 2016		
Fourth quarter	17.20	7.22
Third quarter	10.68	6.92
Second quarter	11.58	7.90
First quarter	11.76	7.03

On March 5, 2018, the last reported sale price of our Common Stock on the NYSE was $9.43 per share.

Holders of Record

As of March 5, 2018, there were 159 holders of record of our Common Stock.

Dividends

We have not paid cash dividends and do not currently intend to pay cash dividends on our Common Stock. We intend to retain all available funds and any future earnings to reduce debt and fund the development and growth of our business. Our Revolving Credit Facility and 7.750% Senior Notes limit our ability to pay dividends. Future agreements we may enter into, including with respect to any future debt we may incur, may also further limit or restrict our ability to pay dividends. Any future determination to pay dividends will be at the discretion of our Board of Directors and will take into account:

- restrictions in our Revolving Credit Facility, 7.750% Senior Notes and other debt instruments outstanding at that time;
- general economic and business conditions;
- our financial condition and results of operations;
- our capital requirements and the capital requirements of our subsidiaries;
- the ability of our operating subsidiaries to pay dividends and make distributions to us;
- the requirements of Delaware and other applicable law related to the payment of dividends; and
- such other factors as our Board of Directors may deem relevant.

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Company Purchases of Equity Securities

The following table presents information regarding our repurchases of shares of our Common Stock on a monthly basis during the fourth quarter of 2017:

	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[(1)]
October 1, 2017 - October 31, 2017	—	$ —	—	$22,934,076
November 1, 2017 - November 30, 2017	—	$ —	—	$22,934,076
December 1, 2017 - December 31, 2017	—	$ —	—	$22,934,076

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(1) On August 14, 2014, our Board of Directors authorized the repurchase of up to $25.0 million in value of our Common Stock from time to time at the discretion of a committee of our Board of Directors. As of December 31, 2017, $22.9 million of authority remained unutilized and available for purchases of our Common Stock at the discretion of a committee of our Board of Directors comprised of the Non-Executive Chairman, the Audit Committee Chairman and our President and Chief Executive Officer.

Performance Graph

The following graph shows a comparison from January 31, 2013 through December 31, 2017 of the cumulative total return for our Common Stock, the Standard & Poor's 500 Stock Index ("S&P 500 Index"), the Standard & Poor's Oil & Gas Equipment Select Industry Index and our peer group[(1)]. The graph assumes that $100 was invested at the market close on January 31, 2013, the date trading of our Common Stock commenced on the NYSE following the Spin-off from SEACOR.

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(1) Index of Bristow Group Inc. and PHI Inc.

This performance graph shall not be deemed "filed" for purposes of Section 18 of the Exchange Act, or otherwise subject to liabilities under that Section, and shall not be deemed to be incorporated by reference into any filing of Era Group under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

ITEM 6. SELECTED FINANCIAL DATA

The following table sets forth, for the periods indicated, our selected historical consolidated financial data (in thousands, except per share data). Such financial data should be read in conjunction with "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Item 8. Financial Statements and Supplementary Data" of this Annual Report on Form 10-K.

	Years Ended December 31,				
	2017	2016	2015	2014	2013
Statements of Operations Data:					
Operating revenues	$231,321	$247,228	$281,837	$331,222	$298,959
Operating income (loss)	(136,464)	(3,369)	24,294	42,651	46,163
Net income (loss) attributable to Era Group Inc.	(28,161)	(7,978)	8,705	17,117	18,705
Earnings (Loss) Per Common Share:					
Basic	$(1.36)	$(0.39)	$0.42	$0.84	$0.88
Diluted	$(1.36)	$(0.39)	$0.42	$0.84	$0.88
Statement of Cash Flows Data – provided by (used in):					
Operating activities	$20,096	$58,504	$44,456	$78,286	$64,371
Investing activities	(6,047)	(12,774)	(22,807)	(93,872)	(43,459)
Financing activities	(27,497)	(32,986)	(46,026)	26,127	(1,508)
Effects of exchange rate changes on cash and cash equivalents	81	(164)	(2,120)	(1,009)	426
Capital expenditures	(16,770)	(39,200)	(60,050)	(106,732)	(110,105)
Balance Sheet Data (at period end):					
Cash and cash equivalents	$13,583	$26,950	$14,370	$40,867	$31,335
Total assets	792,097	955,173	1,004,351	1,017,174	958,583
Long-term debt, less current portion	202,174	230,139	264,479	282,118	279,391
Total equity	445,681	468,417	471,303	460,364	436,061

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

The following is a discussion and analysis of our financial condition and results of operations for the fiscal years ended December 31, 2017, 2016 and 2015. You should read this discussion and analysis together with our Consolidated Financial Statements and related notes and the other financial information included elsewhere in this Annual Report. This discussion contains forward-looking statements that involve significant risks and uncertainties. As a result of many factors, such as those set forth under "Item 1.A. Risk Factors" and elsewhere in this Annual Report, our actual results may differ materially from those anticipated in these forward-looking statements.

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 the years ended December 31, 2017, 2016 and 2015, approximately 62%, 62% and 66%, respectively, of our total operating revenues were earned in the U.S. Gulf of Mexico. In the years ended December 31, 2017, 2016 and 2015, approximately 34%, 31% and 21% of total operating revenues were earned in international locations. We currently have customers in Argentina, Brazil, Colombia, the Dominican Republic, India and Suriname.

The primary users of our helicopter services are international, independent and major integrated oil and gas exploration, development and production companies, national oil companies and BSEE. In the years ended December 31, 2017, 2016 and 2015, approximately 91%, 88% and 78%, respectively, of our operating revenues were derived from helicopter services, including emergency response services, provided to customers primarily engaged in offshore oil and gas exploration, development and production activities. Additionally, our leasing customers typically provide services to oil and gas companies in their respective local markets. As such, our results are tied to the level of activity in the offshore oil and gas industry. In addition to serving the oil and gas industry, we provide emergency response services, utility services and, until recently, Alaska flightseeing tours, among other activities.

As of December 31, 2017, we owned or operated a total of 132 helicopters, consisting of 16 heavy helicopters, 47 medium helicopters, 29 light twin engine helicopters and 40 light single engine helicopters. As of December 31, 2017, we had commitments to purchase an additional 11 new helicopters consisting of six heavy helicopters and five light twin helicopters. The heavy helicopters are scheduled to be delivered in 2018 and 2019, and the delivery dates for the light twin helicopters have not been determined. In addition, we had outstanding options to purchase up to an additional 10 heavy helicopters. If these options were exercised, the helicopters would be scheduled for delivery in 2019 and 2020.

Lines of Service

Offshore Oil and Gas. The offshore oil and gas market is highly cyclical with demand linked to the price of oil and gas, which tends to fluctuate depending on many factors, including global economic activity, levels of inventory and overall demand. In addition to the price of oil and gas, the availability of acreage and local tax incentives or disincentives and requirements for maintaining interests in leases affect activity levels in the oil and gas industry. Price levels for oil and gas by themselves can cause additional fluctuations by inducing changes in consumer behavior.

For the last 11 years, we have provided transportation services to government inspectors of offshore installations, drilling rigs and platforms. This contract was renewed in October 2016 for a term of one year with four one-year options to extend, and is expected to run through September 2021.

Brazil is among the most important markets for offshore oil and gas exploration, development and production activity world-wide. We participate in this market through our consolidated joint venture, Aeróleo.

We also provide emergency response services in the U.S. Gulf of Mexico.

Dry-Leasing. We enter into lease arrangements for our helicopters with operators primarily located in international markets such as Argentina and India. The helicopters are contracted to local helicopter operators, which often prefer to lease helicopters rather than purchase them. Leasing affords us the opportunity to access new markets without significant initial infrastructure investment and generally without ongoing operating risk.

Other Activities and Services. In order to diversify sources of our earnings and cash flow, we deploy a number of helicopters in support of other industries and activities, such as emergency response services and until recently flightseeing tours. In the years ended December 31, 2017, 2016 and 2015, approximately 3%, 6% and 7% of our operating revenues were generated by these other activities and services. We also provide inland utility in Alaska such as firefighting, mining, power line and pipeline survey activities.

We have also developed services for the helicopter industry that we believe complement our core activities. We hold a 50% interest in Dart, an international sales and manufacturing organization focused on after-market helicopter parts and accessories. We also hold a 50% interest in Era Training, which provides classroom instruction, flight simulator, helicopter and other training to our employees and third parties.

Market Outlook

The offshore oil and gas market is highly cyclical with demand linked to the price of oil and gas. The prices of oil and gas are critical factors in our customers' investment and spending decisions. The price of crude oil declined significantly beginning mid- 2014, which negatively impacted the cash flow of our customers and has led them to reduce capital and operational expenditures from prior levels, including reductions related to offshore exploration, development and production activities. We experienced customer contract cancellations and decreased fleet utilization as some of our customers decreased the number of helicopters on contract or canceled their contract upon limited notice. While the price of crude oil has now recovered to more favorable levels, our customers' spending on offshore exploration, development and production activities remains depressed, though we have experienced an increase in customer activity since mid-2017. Based on our recent experience and discussions with our customers about their helicopter transport needs, we anticipate demand for our services will continue to improve as the oil and gas markets recover, although no assurance can be given that this will be the case.

We generate a vast majority of our operating revenue from contracts supporting our oil and gas customers' offshore production operations, which have long-term transportation requirements. Production activities are typically less cyclical than the exploration and development activities because production platforms remain in place over the long-term and are relatively unaffected by economic cycles, as the marginal cost of lifting a barrel of oil once a platform is in operation is low. If there are additional declines in the price of oil and gas, there could be a delay or cancellation of planned offshore projects impacting our operations in future periods.

The remainder of our oil and gas revenues primarily comes from transporting personnel to and from offshore drilling rigs. Deepwater activity continues to be a significant segment of the global offshore oil and gas markets and typically involves significant capital investment and multi-year development plans. Such projects are generally underwritten by the oil and gas companies using relatively conservative assumptions relating to oil and gas prices. Although these projects are considered to be less susceptible to short-term fluctuations in the price of oil and gas compared to shorter cycle projects, persistently low crude oil prices over the last three years caused these companies to reevaluate their future capital expenditures in regards to deepwater projects and resulted in the rescaling, delay or cancellation of planned offshore projects, which could could continue to impact our operations in future periods.

We are exposed to foreign currency exchange risk primarily through our euro-denominated capital commitments and our Brazilian operations, where we receive a portion of our revenues and incur expenses in the Brazilian real. Two of the large helicopter OEMs are headquartered in Europe and price many of their helicopters in euros. Fluctuations in the value of the U.S. dollar against the euro affects the amount of our unfunded commitments in U.S. dollar terms. Although the strength of the U.S. dollar has made the acquisition of euro-denominated helicopter models less expensive for us in recent years, the weakness of the euro also makes such acquisitions less expensive for our competitors and potential competitors, which could lead to excess helicopter capacity and increased competition and jeopardize both pricing and utilization of our equipment. Fluctuations in the value of the euro could also destabilize residual values for certain euro-denominated helicopters. Recently, the euro has begun to strengthen relative to the U.S. dollar.

We believe that we are well positioned to address the near term challenges. Our liquidity levels provide a stable foundation in the current market environment and will permit us to, together with operational efficiency improvements benefitting us and our customers, maintain and improve our customer relationships and competitive position.

Recent Developments

Amendment to the Revolving Credit Facility

On March 7, 2018, Era Group entered into a Consent and Amendment No. 4 to the Amended and Restated Senior Secured Revolving Credit Facility Agreement that, among other things, (a) reduced the aggregate principal amount of revolving loan commitments from $200.0 million to $125.0 million, (b) extended the agreement's maturity until March 31, 2021, (c) revised the definition of EBITDA to permit an add-back for ongoing litigation expenses related to the H225 helicopters, and (d) adjusted the covenant requirement to maintain an interest coverage ratio of not less than 1.75:1:00 and a senior secured leverage ratio of not more than 3.25:100 (see “Liquidity and Capital Resources” below).

Sale of Alaska Flightseeing Assets
On February 23, 2018, the Company sold all of its flightseeing assets in Alaska, which consisted of eight AS350 single engine helicopters, two operating facilities, and related property and equipment for $10.0 million. As a result, the Company will not conduct flightseeing operations in 2018.

U.S. Tax Reform
The U.S. government recently enacted comprehensive tax legislation commonly referred to as the Tax Act. The Tax Act makes broad and complex changes to the U.S. tax code that resulted in a significant reduction in the Company’s U.S. net deferred tax liabilities as of December 31, 2017. The Tax Act also establishes new regulations that will affect 2018 and after, including a reduction in the U.S. federal corporate income tax rate from 35% to 21%. Refer to Note 7 of the Notes to Consolidated Financial Statements in Item 8 of this Annual Report on Form 10-K for additional information.

Cessation of H225 Operations
In April 2016, an Airbus Helicopters H225 (also known as an EC225LP) model helicopter operated by a global competitor was involved in an accident in Norway. The helicopter was carrying eleven passengers and two crew members, who were all killed in the accident. The root cause of the accident is still under investigation, but preliminary reports published by AIBN contain findings linking the accident to a design flaw. Following the crash, a number of regulatory authorities issued safety directives grounding, with limited exceptions, all Airbus H225 and AS332 L2 model helicopters registered in their jurisdictions. A number of customers and operators voluntarily suspended operations of those two helicopter models. On October 7, 2016, the EASA issued an Airworthiness Directive that allowed H225 and AS332L2 helicopters to return to service, subject to significant additional maintenance and inspection requirements. On December 9, 2016, the Federal Aviation Administration in the United States issued an AMOC that allowed these helicopters to return to service, subject to significant additional maintenance and inspection requirements to allow these helicopters to return to service in the United States. On July 20, 2017, the civil aviation authorities in each of Norway and the United Kingdom, the major European markets for the H225 helicopters, published directives that set forth their requirements with respect to the return to service of these helicopter models, subject to significant additional maintenance and inspection requirements. Prior to a return to service, an operator must develop a return to service plan for the applicable helicopter model that must be approved by the relevant regulatory authority. Such a plan would need to include a detailed safety case, outlining specific maintenance processes and tooling and training requirements. In addition, these directives mandate that an operator must comply with an EASA directive issued on June 23, 2017 that requires the replacement of, and prescribes reduced service limits and inspections with respect to, certain identified parts. EASA also requires the installation of a new EASA-approved full flow magnetic plug device and imposes maintenance protocols to support the inspection of the main gearbox oil system particle detection.

Even though H225 helicopters are no longer suspended by the regulatory authorities, there is not confidence amongst our customers, their employees, and the unions to which our customers’ employees belong in a detailed safety case that would justify a return to service of the H225 model helicopters. As a result, we believe a full return to service for the H225 helicopters in offshore oil and gas operations is unlikely.

We will not operate the H225 helicopters in our fleet unless and until we can develop a detailed safety case that demonstrates the H225 model helicopter can be operated safely. During the third quarter of 2017, we determined that we cannot develop such a case and that a broad-based return to service is improbable. We therefore cannot operate the H225 helicopters in our operations as we had planned at the time the helicopters were purchased.

We own nine H225 helicopters, including five currently located in the U.S., three currently located in Brazil, and one currently located in Norway. Since the accident, we have utilized other heavy and medium helicopters to service our operations. These developments led us to conclude that the cash flows associated with our H225 helicopters are largely independent from the cash flows associated with the remainder of our fleet and should be evaluated separately for impairment. We have performed an impairment analysis on our H225 helicopters, capital parts, and related inventory and determined that the projected undiscounted cash flows over the remaining useful life were less than the carrying amount. We determined that the book value exceeded the fair value and recorded a $117 million impairment charge in the three months ended September 30, 2017.

As of December 31, 2017, the net book value of our H225 helicopters and related inventory of parts and equipment was $37.8 million.

Airbus Lawsuit

On November 21, 2016, we filed a lawsuit in the District Court of Dallas County, Texas against Airbus alleging breaches of various contracts between us, fraudulent inducement and unjust enrichment in connection with the sale by Airbus of H225 model helicopters to us. We seek compensation for our monetary damages in an amount to be determined. We cannot predict the ultimate outcome of the litigation, and we may spend significant resources pursuing our legal remedies against Airbus.

Tax Special Regularization Program

During the fourth quarter of 2017, our Brazil subsidiary elected to enter certain settled and open tax claims in the Tax Special Regularization Program (the "PERT Program") pursuant to Brazil Provisional Measure No. 783 issued on May 31, 2017. The PERT Program allows for the partial settement of debts, both income tax debts and non-income-based tax debts, due by April 30, 2017 to Brazil's Federal Revenue Service with the use of tax credits, including income tax loss carryforwards. A $3.5 million income tax benefit was recorded during the fourth quarter attributable to utilization of income tax loss carryforwards under the PERT Program offset by the accrual of additional operating expense associated with certain indirect tax claims enrolled into the PERT program.

Fleet Developments and Capital Commitments

We focus on the modernization of our fleet and the standardization of equipment. Oil and gas companies typically require modern helicopters that offer enhanced safety features and greater performance. In response to this demand, we have transformed our fleet significantly. Since the beginning of 2005, we have added 147 helicopters, disposed of 128 helicopters and reduced the average age of our owned fleet from 17 years to 13 years. We spent $16.8 million, $39.2 million and $60.1 million to acquire helicopters and other equipment in the years ended December 31, 2017, 2016 and 2015, respectively, primarily for heavy and medium helicopters, spare helicopter parts and facility improvements.

As of March 5, 2018, we had unfunded commitments of $85.9 million, primarily pursuant to agreements to purchase eight helicopters, consisting of three AW189 heavy helicopters and five AW169 light twin helicopters. The AW189 helicopters are scheduled to be delivered in 2018 through 2019. Delivery dates for the AW169 helicopters have not been determined. In addition, we had outstanding options to purchase up to an additional ten AW189 helicopters. If these options were exercised, the helicopters would be delivered in 2019 and 2020. Approximately $87.2 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 $2.2 million.

Components of Revenues and Expenses

We derive our revenues primarily from operating and leasing our equipment, and our profits depend on our cost of capital, the acquisition costs of assets, our operating costs and our reputation.

Operating revenues recorded under U.S. Gulf of Mexico, Alaska and International are primarily generated from offshore oil and gas exploration, development and production activities and, in Alaska, include revenues from utility services. These revenues are typically earned through a combination of fixed monthly fees plus an incremental charge based on flight hours flown. Charter revenues are typically earned through 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 daily.

Operating revenues recorded under dry-leasing are generated from leases to third-party operators where we are not responsible for the operation of the helicopters. For certain of these leases, we also provide crew training, management expertise, and logistical and maintenance support. Leases typically call for a fixed monthly fee only, but may also include an additional charge based on flight hours flown and/or the level of personnel support. The majority of our dry-leasing revenues have been generated by helicopters deployed internationally.

Operating revenues for emergency response services are earned through a fixed monthly fee plus an incremental charge for flight hours flown, and charter revenues are typically earned through an hourly rate with a minimum number of hours to be charged daily.

Operating revenues recorded under flightseeing are generated on a per passenger basis.

The aggregate cost of our operations depends primarily on the size and asset mix of the fleet. Our operating costs and expenses are grouped into the following categories:

- personnel (includes wages, benefits, payroll taxes, savings plans, subsistence and travel);
- repairs and maintenance (primarily routine activities and hourly charges for power-by-the-hour ("PBH") maintenance contracts that cover helicopter refurbishments and engine and major component overhauls that are performed in accordance with planned maintenance programs);

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- insurance (including the cost of hull and liability insurance premiums and loss deductibles);
- fuel;
- leased-in equipment (includes the cost of leasing helicopters and equipment); and
- other (primarily base expenses, property, sales and use taxes, communication costs, freight expenses, and other).

We engage a number of third-party vendors to maintain the engines and certain components on some of our helicopter models under PBH maintenance contracts. These programs require us to pay for the maintenance service ratably over the contract period, typically based on actual flight hours. PBH providers generally bill monthly based on hours flown in the prior month, the costs being expensed as incurred. In the event we place a helicopter in a program after a maintenance period has begun, it may be necessary to pay an initial buy-in charge based on hours flown since the previous maintenance event. This buy-in charge is normally recorded as a prepaid expense and amortized as an operating expense over the remaining PBH contract period. If a helicopter is sold or otherwise removed from a program before the scheduled maintenance work is carried out, we may be able to recover part of our payments to the PBH provider, in which case we record a reduction to operating expense. We also incur repairs and maintenance expense through vendor arrangements whereby we obtain repair quotes and authorize service through a repair order process.

Our policy of expensing all repair costs as incurred may result in operating expenses varying substantially when compared with a prior year or prior quarter if a disproportionate number of repairs, refurbishments or overhauls are undertaken. This variation can be exacerbated by the timing of entering or exiting third-party PBH programs and the timing of vendor credits.

For helicopters that we lease to third parties under arrangements whereby the customer assumes operational responsibility, we often provide maintenance and parts support but generally we incur no other material operating costs. In most instances, our leases require clients to procure adequate insurance, but we purchase contingent hull and liability coverage to mitigate the risk of a client’s coverage failing to respond. In some instances, we provide training and other services to support our lease customers.

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Results of Operations

	2017 (in thousands)	%	2016 (in thousands)	%	2015 (in thousands)	%
Operating revenues:						
United States	$152,187	66	$171,121	69	$222,465	79
Foreign	79,134	34	76,107	31	59,372	21
Total operating revenues	231,321	100	247,228	100	281,837	100
Costs and expenses:						
Operating:						
Personnel	62,380	27	69,889	28	68,775	25
Repairs and maintenance	54,325	23	45,875	19	53,603	19
Insurance and loss reserves	4,594	2	6,253	3	6,127	2
Fuel	12,386	5	12,860	5	13,069	5
Leased-in equipment	1,107	—	1,091	—	992	—
Other	32,654	14	33,895	14	28,915	10
Total operating expenses	167,446	71	169,863	69	171,481	61
Administrative and general	42,092	18	36,206	15	42,812	15
Depreciation and amortization	45,736	20	49,315	20	47,337	17
Total costs and expenses	255,274	109	255,384	104	261,630	93
Gains on asset dispositions	4,507	2	4,787	2	5,953	2
Loss on impairment	(117,018)	(51)	—	—	(1,866)	(1)
Operating income (loss)	(136,464)	(58)	(3,369)	(2)	24,294	8
Other income (expense):						
Interest income	760	—	741	—	1,191	—
Interest expense	(16,763)	(7)	(17,325)	(7)	(13,526)	(5)
Derivative losses, net	—	—	—	—	(18)	—
Foreign currency gains (losses), net	(226)	—	7	—	(2,590)	(1)
Gain on debt extinguishment	—	—	518	—	1,617	1
Gain on sale of FBO	—	—	—	—	12,946	5
Other, net	(12)	—	69	—	45	—
Total other income (expense)	(16,241)	(7)	(15,990)	(7)	(335)	—
Income (loss) before income tax expense and equity earnings	(152,705)	(65)	(19,359)	(9)	23,959	8
Income tax expense (benefit), net	(122,665)	(53)	(3,357)	(1)	14,117	5
Income (loss) before equity earnings	(30,040)	(12)	(16,002)	(8)	9,842	3
Equity earnings (losses), net of tax	1,425	1	1,092	—	(1,943)	(1)
Net income (loss)	(28,615)	(11)	(14,910)	(8)	7,899	2
Net loss attributable to noncontrolling interest in subsidiary	454	—	6,932	3	806	—
Net income (loss) attributable to Era Group Inc.	$(28,161)	(11)	$(7,978)	(5)	$8,705	2

Operating Revenues by Service Line. The following table sets forth our operating revenues by service line for the years ended December 31, 2017, 2016 and 2015.

	2017 (in thousands)	%	2016 (in thousands)	%	2015 (in thousands)	%
Operating revenues						
Oil and gas:(1)						
U.S.	$134,085	58	$139,999	57	$184,782	66
International	64,369	28	63,089	26	18,972	7
Total oil and gas	198,454	86	203,088	83	203,754	73
Dry-leasing	16,049	7	13,205	5	40,757	14
Emergency response	11,747	5	25,220	10	27,538	10
Flightseeing	5,071	2	5,715	2	7,041	2
FBO(2)	—	—	—	—	2,760	1
Eliminations	—	—	—	—	(13)	—
Total operating revenues	$231,321	100	$247,228	100	$281,837	100

(1) Primarily oil and gas activities, but also includes revenues from utility services such as firefighting.
(2) We sold our FBO on May 1, 2015.

Year Ended December 31, 2017 compared with Year Ended December 31, 2016

Operating Revenues. Operating revenues were $15.9 million lower in the twelve months ended December 31, 2017 (the “Current Year”) compared to the twelve months ended December 31, 2016 (the “Prior Year”).

Operating revenues from oil and gas operations in the U.S. were $5.9 million lower in the Current Year. Operating revenues from light twin and single engine helicopters were $8.7 million and $6.2 million lower, respectively, primarily due to lower utilization. Operating revenues from medium and heavy helicopters were $7.2 million and $2.7 million higher, respectively, primarily due to higher utilization. Miscellaneous revenues were $0.8 million lower primarily due to the recognition of a contract termination fee in the Prior Year.

Operating revenues from international oil and gas operations were $1.3 million higher. Operating revenues in Colombia increased by $1.7 million primarily due to a short-term contract and higher utilization. Operating revenues in Brazil increased by $0.6 million primarily due to the strengthening of the Brazilian real relative to the U.S. dollar, partially offset by lower utilization. These increases were partially offset by a $1.0 million decrease in Suriname primarily due to lower utilization.

Operating revenues from emergency response services were $13.5 million lower in the Current Year primarily due to a $5.6 million decrease as a result of fewer SAR subscribers and fewer SAR flight hours and a $7.9 million decrease as a result of the end of air medical contracts during the Current Year.

Revenues from dry-leasing activities were $2.8 million higher in the Current Year primarily due to $4.0 million of lease return charges on helicopters returned to the Company upon the conclusion of lease contracts, partially offset by leases that ended subsequent to the Prior Year.

Operating revenues from flightseeing activities were $0.6 million lower in the Current Year primarily due to lower utilization.

Operating Expenses. Operating expenses were $2.4 million lower in the Current Year. Personnel costs were $7.5 million lower primarily due to a reduction in headcount. Insurance and loss reserves were $1.7 million lower primarily due to a reduction in premiums. Fuel expense was $0.5 million lower primarily due to reduced flight hours. Other operating expenses were $1.2 million lower primarily due to reduced activity, partially offset by indirect tax expense of $2.0 million related to the PERT Program in Brazil in the Current Year. These decreases were partially offset by an increase in repairs and maintenance expense of $8.5 million primarily due to a $2.3 million increase in power-by-the-hour (“PBH”) expense, a net reduction in vendor credits of $2.4 million and a $3.8 million increase related to the timing of repairs. The increased PBH expense was primarily due to the recognition of $7.1 million of credits in the Prior Year related to the removal of helicopters from PBH programs, partially offset by the recognition of credits and fewer flight hours in the Current Year.

Administrative and General. Administrative and general expenses were $5.9 million higher in the Current Year primarily due to increases of $6.3 million in professional services fees and $0.7 million due to the recognition of a bad debt recovery in Brazil in the Prior Year. These increases were partially offset by a decrease of $0.8 million in compensation and employee costs as a result of lower headcount and a decrease of $0.3 million in other administrative and general costs.

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Depreciation and Amortization. Depreciation and amortization expense was $3.6 million lower in the Current Year primarily due to certain assets becoming fully depreciated and asset dispositions subsequent to the Prior Year and a decrease in depreciation on the Company's H225 helicopters following their impairment during the Current Year, partially offset by new heavy helicopters placed in service.

Gains on Asset Dispositions, Net. In the Current Year, we sold or otherwise disposed of a hangar in Alaska, three helicopters, capital parts and other assets for gains of $4.5 million. In the Prior Year, we sold or otherwise disposed of two hangars in Alaska, nine helicopters and related equipment for gains of $4.8 million.

Loss on Impairment. We recorded a loss on impairment of $117.0 million in the Current Year related to a decline in the value of our H225 helicopters.

Operating Income (Loss). Operating loss as a percentage of revenues was 58% in the Current Year compared to 2% in the Prior Year. Excluding gains on asset dispositions, operating loss as a percentage of revenues was 61% in the Current Year compared to 3% in the Prior Year. The increase in operating loss as a percentage of revenues in the Current Year was primarily due to the loss on impairment and increased professional services fees and repairs and maintenance expenses as described above.

Interest Expense. Interest expense was $0.6 million lower in the Current Year primarily due to lower outstanding debt balances and the resumption of the capitalization of interest on certain helicopter deposits in the Current Year compared to the expensing of interest on these deposits in the Prior Year due to the refund of helicopter deposits. This was partially offset by $0.8 million of additional accrued interest resulting from the correction of immaterial accounting errors.

Gain on Debt Extinguishment. Gain on debt extinguishment was $0.5 million in the Prior Year due to the repurchase of $5.0 million of our 7.750% Senior Notes.

Income Tax Benefit. Income tax benefit was $119.3 million higher in the Current Year primarily due to approximately $70.0 million related to the impact of the Tax Act, as well as the tax impact of the impairment of our H225 helicopters, capital parts and inventory during the Current Year.

Equity Earnings. Equity earnings, net of tax, were $0.3 million higher in the Current Year primarily due to higher earnings at our Dart Holding Company Ltd. ("Dart") joint venture.

Year Ended December 31, 2016 compared with Year Ended December 31, 2015

Operating Revenues. Operating revenues were $34.6 million lower in the twelve months ended December 31, 2016 compared to the twelve months ended December 31, 2015.

Operating revenues from oil and gas operations in the U.S. Gulf of Mexico were $30.8 million lower in 2016. Operating revenues from medium helicopters were $16.8 million lower primarily due to lower utilization and lower average rates. Operating revenues from heavy helicopters were $8.1 million lower primarily due to fewer helicopters on contract and lower average rates. Operating revenues from light twin and single engine helicopters were $3.8 million and $1.6 million lower, respectively, primarily due to lower utilization. Miscellaneous revenues were $0.5 million lower primarily due to reduced part sales.

Operating revenues from oil and gas operations in Alaska were $14.0 million lower in 2016 primarily due to lower utilization.

Operating revenues from international oil and gas operations were $44.1 million higher in 2016. International revenues increased by $44.2 million due to the consolidation of Aeróleo effective October 1, 2015, by $4.9 million due to new contracts in Suriname and by $0.9 million due to higher utilization in Colombia. These increases were partially offset by a decrease of $5.9 million in Brazil primarily due to lower utilization during the period in which Aeroleo's revenues were consolidated in both years.

Revenues from dry-leasing activities were $27.6 million lower in 2016. Dry-leasing revenues decreased by $21.4 million due to the consolidation of Aeróleo, by $6.4 million due to contracts that ended and by $1.5 million due to the bankruptcy of a customer. These decreases were partially offset by increases of $1.0 million due to new leases and $0.5 million due to lease return charges.

Operating revenues from SAR activities were $2.3 million lower in 2016 primarily due to fewer subscribers and reduced charter activity.

Operating revenues from air medical services were consistent with 2015. Revenues decreased by $0.7 million primarily due to a contract that ended in March 2015, partially offset by increases of $0.5 million due to increased part sales and $0.2 million due to increased flight hours.

Operating revenues from flightseeing activities were $1.3 million lower in 2016 primarily due to unfavorable weather conditions which resulted in a shorter flightseeing season and increased flight cancellations.

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Operating revenues from our fixed base operations (“FBO”) were $2.8 million lower in 2016 due to the sale of the FBO on May 1, 2015.

Operating Expenses. Operating expenses were $1.6 million lower in 2016. Repairs and maintenance expenses were $7.7 million lower due to a decrease of $4.7 million related to the timing of repairs, a net increase of $4.5 million in PBH buyout credits and a $3.2 million decrease in PBH expense resulting from reduced flight hours; these decreases were partially offset by a $1.8 million increase related to the correction of immaterial accounting errors, $2.3 million reduction in vendor credits and an increase of $0.7 million due to the consolidation of Aeróleo. Fuel expense was $0.2 million lower due to a reduction of $4.6 million resulting from fewer flight hours in the U.S. and the sale of the FBO on May 1, 2015, partially offset by an increase of $4.3 million due to the consolidation of Aeróleo. Other operating expenses were $5.0 million higher primarily due to the consolidation of Aeróleo. Personnel costs were $1.1 million higher primarily due to an increase of $8.8 million resulting from the consolidation of Aeróleo, partially offset by a decrease of $7.7 million resulting from reduced headcount and cost-control initiatives in the U.S.

Administrative and General. Administrative and general expenses were $6.6 million lower in 2016. Compensation expenses were $2.3 million lower primarily due to a $4.2 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. Bad debt expenses were $1.4 million lower primarily due to a $0.8 million bad debt reserve recorded in 2015 and a $0.8 million bad debt recovery in 2016. Shared service expenses were $0.6 million lower due to the end of the Amended and Restated Transition Services Agreement (“TSA”) with SEACOR in June 2015. Other administrative and general expenses were $2.4 million lower due to decreases of $3.2 million in the U.S. resulting from cost cutting measures and lower professional services fees, partially offset by increases of $0.8 million resulting from the consolidation of Aeróleo.

Depreciation and Amortization. Depreciation and amortization expense was $2.0 million higher in 2016 due to an increase of $2.4 million resulting from 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 previously provided by SEACOR, partially offset by a decrease of $0.2 million resulting from the correction of immaterial accounting errors.

Gains (Losses) on Asset Dispositions, Net. Gains on asset dispositions were $1.2 million lower in 2016. During the Current Year, we sold or otherwise disposed of two hangars in Alaska and nine helicopters for total proceeds of $28.0 million resulting in net gains of $5.0 million, and we disposed of spare parts and other equipment for total proceeds of $0.6 million resulting in net losses of $0.2 million. During 2015, we sold or otherwise disposed of 18 helicopters and other equipment for total consideration of $36.5 million, including cash proceeds of $25.3 million, resulting in net gains of $6.0 million including $0.7 million related to the early buy-out of two helicopter leases by a customer.

Goodwill Impairment. We recorded a goodwill impairment of $1.9 million during 2015 resulting from a decline in the price of crude oil and our stock price and a prolonged downturn in the oil and gas market.

Operating Income (Loss). Operating loss as a percentage of revenues was 2% in 2016 compared to operating income as a percentage of revenues of 8% in 2015. Excluding gains on asset sales, operating loss as a percentage of revenues was 3% in 2016 compared to operating income as a percentage of revenues of 7% in 2015. The decrease in operating income as a percentage of revenues was primarily due to reduced revenues, the consolidation of Aeróleo and increased depreciation expense.

Interest Income. Interest income was $0.5 million lower in 2016 primarily due to the early buy-out of helicopter leases by a customer in 2015.

Interest Expense. Interest expense was $3.8 million higher in 2016 primarily due to decreased capitalized interest of $5.6 million and a $0.5 million write off of previously capitalized financing costs due to the reduction of the total commitment amount of our Revolving Credit Facility, partially offset by savings of $2.3 million due to the cumulative repurchases of our 7.750% Senior Notes.

Foreign Currency Gains (Losses), net. Foreign currency losses were $2.6 million in 2015 primarily due to the weakening of the euro resulting in losses on our euro-denominated balances and realized losses on settled forward currency contracts.

Gain on Debt Extinguishment. Gains on debt extinguishment were $0.5 million in 2016 due to the repurchase of $5.0 million of our 7.750% Senior Notes. Gains on debt extinguishment were $1.6 million in 2015 due to the repurchase of

$50.2 million of our 7.750% Senior Notes.

Gain on Sale of FBO. The sale of the FBO in 2015 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 $3.4 million in 2016 compared to expense of $14.1 million in 2015. The decrease in expense was primarily due to a taxable net loss and a $0.5 million benefit resulting from the correction of errors in our prior year tax provision in 2016 as well as the write-off of a deferred tax asset related to the consolidation of Aeróleo and a nonrecurring charge to deferred taxes related to the transfer of a helicopter to Hauser Investments Limited ("Hauser") in the Prior Year.

Equity Earnings (Losses), Net of Tax. Equity earnings, net of tax, were $1.1 million in 2016 compared to losses of $1.9 million in 2015. The increase in equity earnings was primarily due to increased earnings from our Dart joint venture in 2016.

Liquidity and Capital Resources

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 or to make other investments. Sources of liquidity are cash balances, cash flows from operations and borrowings under our Revolving Credit Facility, and, from time to time, we may secure additional liquidity through the issuance of equity or debt.

On December 7, 2012, we completed the offering of our 7.750% Senior Notes and used the net proceeds from the offering to repay $190.0 million of borrowings outstanding under our prior $200.0 million senior secured revolving credit facility (the "Prior Credit Facility"). On March 31, 2014, we entered into our current Revolving Credit Facility through an amendment to the Prior Credit Facility. On March 7, 2018, we entered into a Consent and Amendment No. 4 to the Amended and Restated Senior Secured Revolving Credit Facility Agreement that, among other things, (a) reduced the aggregate principal amount of revolving loan commitments from $200.0 million to $125.0 million, (b) extended the agreement's maturity until March 31, 2021, (c) revised the definition of EBITDA to permit an add-back for ongoing litigation expenses related to the H225 helicopters, and (d) adjusted the covenant requirement to maintain an interest coverage ratio of not less than 1.75:1:00 and a senior secured leverage ratio of not more than 3.25:100.

Our Revolving Credit Facility entered into on March 7, 2018, requires that we maintain a senior secured leverage ratio which ratio may not be greater than 3.25:1.00 at the end of each fiscal quarter, maintain a minimum interest coverage ratio covenant of 1.75:1.00 at the end of each fiscal quarter, and maintain an asset coverage ratio with respect to the fair market value of our mortgaged helicopters and secured accounts receivable and inventory to funded and committed secured debt, with certain carve-outs, of 2.00:1.00, among other items.

During the year ended December 31, 2017, we repaid $43.0 million previously borrowed under our Revolving Credit Facility using cash flows from operations and proceeds from helicopter and other equipment dispositions. We also borrowed $17.0 million to make final payments on S92 helicopters. As of December 31, 2017, the amount of additional borrowings available to us under the Revolving Credit Facility was $75.8 million.

During the year ended December 31, 2016, we repaid $37.0 million previously borrowed under our Revolving Credit Facility using cash flows from operations and proceeds from helicopter and other equipment dispositions. We also borrowed $12.0 million to make progress payments on S92 helicopters and final payments on AW189 helicopters.

During the year ended December 31, 2015, we borrowed $60.0 million under our Revolving Credit Facility in order to make progress payments on S92 and AW189 helicopters and to repurchase a portion of our 7.750% Senior Notes. We also repaid $55.0 million previously borrowed under our Revolving Credit Facility using cash flows from operations, proceeds from helicopter sales and the sale of the FBO.

As of March 5, 2018, we had unfunded capital commitments of $85.9 million, primarily pursuant to agreements to purchase eight helicopters. Approximately $35.9 million is payable in 2018, with the remaining commitments payable through 2019. We also had $1.3 million of deposits paid on options not yet exercised. We may terminate $87.2 million of these commitments (inclusive of deposits paid on options not yet exercised) without further liability to us other than aggregate liquidated damages of $2.2 million. In addition, we had outstanding options to purchase up to an additional ten AW189 helicopters. If these options were exercised, the helicopters would be delivered beginning in 2019 through 2020. We expect to finance the remaining acquisition costs through a combination of cash on hand, cash provided by operating activities and borrowings under our Revolving Credit Facility.

Summary of Cash Flows

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	2017	2016	2015
	(in thousands)		
Cash provided by (used in):			
Operating activities	$20,096	$58,504	$44,456
Investing activities	(6,047)	(12,774)	(22,807)
Financing activities	(27,497)	(32,986)	(46,026)
Effect of exchange rates on cash and cash equivalents	81	(164)	(2,120)
Net increase (decrease) in cash and cash equivalents	$(13,367)	$12,580	$(26,497)

Operating Activities

Cash flows provided by operating activities decreased by $38.4 million during the year ended December 31, 2017 compared to the year ended December 31, 2016. Cash flows provided by operating activities increased by $14.0 million during the year ended December 31, 2016 compared to the year ended December 31, 2015. The components of cash flows provided by operating activities during the years ended December 31, 2017, 2016 and 2015 were as follows:

	2017	2016	2015
	(in thousands)		
Operating income before depreciation and gains on asset dispositions and impairments, net	$21,493	$41,159	$67,544
Changes in operating assets and liabilities before interest and income taxes	8,795	21,040	(10,714)
Cash settlements on derivative transactions, net	—	—	(356)
Interest paid, excluding capitalized interest of $497, $46 and $6,091 in 2017, 2016 and 2015, respectively	(15,315)	(15,268)	(12,642)
Income taxes refunded (paid)	(426)	5,978	(5,960)
Other	5,549	5,595	6,584
Total cash flows provided by operating activities	$20,096	$58,504	$44,456

Operating income before depreciation and gains on asset dispositions and impairments, net was $19.7 million lower for the year ended December 31, 2017 compared to the year ended December 31, 2016, due to a $15.9 million decrease in revenues resulting from reduced utilization of our helicopter fleet and dry-leasing contracts that ended during and subsequent to 2016 and a $5.9 million increase in administrative and general expenses. This decrease in revenues and increase in G&A was partially offset by a $2.4 million decrease in operating expenses primarily due to a reduction in activity and cost-cutting measures.

Operating income before depreciation and gains on asset dispositions and impairments, net was $26.4 million lower for the year ended December 31, 2016 compared to the year ended December 31, 2015, primarily due to a $34.6 million decrease in revenues resulting from reduced utilization of medium helicopters, dry-leasing contracts that ended during and subsequent to 2015 and the sale of the FBO in May 2015. This decrease in revenues was partially offset by a $6.6 million decrease in administrative and general expenses and a $1.6 million decrease in operating expenses primarily due to a reduction in activity and cost-cutting measures.

Changes in operating assets and liabilities before interest and income taxes resulted in cash inflows of $8.8 million for the year ended December 31, 2017 compared to inflows of $21.0 million for the year ended December 31, 2016, primarily due to a decrease in trade receivables and other assets.

Changes in operating assets and liabilities before interest and income taxes resulted in cash outflows of $21.0 million for the year ended December 31, 2016 compared to outflows of $10.7 million for the year ended December 31, 2015, primarily due to decrease in trade receivables and an increase in trade payables and other liabilities.

Interest paid, excluding capitalized interest, was $2.6 million higher for the year ended December 31, 2016 compared to the year ended December 31, 2015, primarily due to the suspension of capitalized interest between November 2015 and December 2016.

Income taxes paid were $0.4 million as a result of operations in Suriname for the year ended December 31, 2017 compared to income taxes refunded of $6.0 million for the year ended December 31, 2016.

Income taxes refunded were $6.0 million for the year ended December 31, 2016 compared to income taxes paid of $6.0 million for the year ended December 31, 2015. We made estimated tax payments during 2015 as a result of the sale of the FBO and a reduction in tax depreciation that were refunded in 2016.

Investing Activities

During the year ended December 31, 2017, net cash used in investing activities was $6.0 million primarily as follows:

- Capital expenditures were $16.8 million, which consisted primarily of helicopter acquisitions and deposits on future helicopter deliveries.
- Proceeds from the disposition of property and equipment were $9.4 million.
- Net deposits into escrow accounts, primarily for like-kind exchange transactions, were $0.5 million.
- Net principal payments on notes due from third-parties and equity investees were $0.9 million.

During the year ended December 31, 2016, net cash used in investing activities was $12.8 million primarily as follows:

- Capital expenditures were $39.2 million, which consisted primarily of helicopter acquisitions, deposits on future helicopter deliveries and a base expansion project.
- Proceeds from the disposition of property and equipment were $28.6 million.
- Net deposits into escrow accounts, primarily for like-kind exchange transactions, were $3.7 million.
- Net principal payments on notes due from third-parties and equity investees were $0.9 million.
- Returns of helicopter deposits were $0.5 million.

During the year ended December 31, 2015, net cash used in investing activities was $22.8 million primarily as follows:

- Capital expenditures were $60.1 million, which consisted primarily of helicopter acquisitions, deposits on future helicopter deliveries and a base expansion project.
- Proceeds from the disposition of property and equipment were $25.3 million.
- Proceeds from the sale of the FBO were $14.3 million.
- Cash paid for business acquisitions, net of cash acquired, was $1.7 million.
- Cash settlements on forward contracts were $1.1 million.
- Net principal payments on notes due from third-parties and equity investees were $0.7 million.

Financing Activities

During the year ended December 31, 2017, net cash used in financing activities was $27.5 million primarily as follows:

- Net principal payments on long-term debt were $45.3 million.
- Borrowings under our Revolving Credit Facility were $17.0 million.
- Proceeds from share-based award plans were $0.8 million.

During the year ended December 31, 2016, net cash used in financing activities was $33.0 million primarily as follows:

- Net principal payments on short and long-term debt were $40.4 million.
- Borrowings under our Revolving Credit Facility were $12.0 million.
- Cash used for the repurchase of a portion of our 7.750% Senior Notes was $4.3 million.
- Issuance costs related to the amendment to our Revolving Credit Facility were $0.9 million.
- Proceeds from share-based award plans were $0.8 million.
- Cash used for the repurchase of treasury shares was $0.2 million.

During the year ended December 31, 2015, net cash used in financing activities was $46.0 million primarily as follows:

- Borrowings under our Revolving Credit Facility were $60.0 million.
- Net principal payments on long-term debt were $57.9 million.
- Cash used for the repurchase of a portion of our 7.750% Senior Notes was $46.9 million
- Cash used for the repurchase of treasury shares was $2.1 million.
- Proceeds from share-based award plans were $1.1 million.

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Amended and Restated Senior Secured Revolving Credit Facility

On March 31, 2014, we entered into the Revolving Credit Facility through an amendment to the Prior Credit Facility. On March 7, 2018, Era Group entered into a Consent and Amendment No. 4 to the Amended and Restated Senior Secured Revolving Credit Facility Agreement that, among other things, (a) reduced the aggregate principal amount of revolving loan commitments from $200.0 million to $125.0 million, (b) extended the agreement's maturity until March 31, 2021, (c) revised the definition of EBITDA to permit an add-back for ongoing litigation expenses related to the H225 helicopters, and (d) adjusted the covenant requirement to maintain an interest coverage ratio of not less than 1.75:1:00 and a senior secured leverage ratio of not more than 3.25:100. Advances under the Revolving Credit Facility at the closing were used to refinance indebtedness incurred under the Prior Credit Facility. The Revolving Credit Facility matures in March 2021.

As of December 31, 2017, we had $39.0 million outstanding under our Revolving Credit Facility, which bears interest at the London Interbank Offered Rate ("LIBOR") plus a margin of 300 basis points. In addition, we are required to pay a quarterly commitment fee based on our ratio of funded debt to EBITDA, as defined. As of December 31, 2017, the commitment fee was 50.0 basis points. For additional information about the terms of the Revolving Credit Facility, see Note 8 to our Consolidated Financial Statements included in Item 8 of this Annual Report on Form 10-K.

7.750% Senior Notes

On December 7, 2012, we completed an offering of $200.0 million aggregate principal amount of 7.750% Senior Notes. Interest on the notes is payable semi-annually in arrears on each June 15 and December 15 of each year. We may redeem the notes at any time and from time to time at a premium as specified in the indenture governing the notes. In 2015, we repurchased $50.2 million of the 7.750% Senior Notes for total cash consideration of $47.9 million, including accrued interest of $1.0 million. In 2016, we purchased an additional $5.0 million of the 7.750% Senior Notes for total cash of $4.5 million, including accrued interest of $0.2 million. We did not make additional purchases in 2017. As of December 31, 2017, $144.8 million of aggregate principal amount of the 7.750% Senior Notes remained outstanding. For additional information about the terms of the 7.750% Senior Notes, see Note 8 to our Consolidated Financial Statements included in Item 8 of this Annual Report on Form 10-K.

Promissory Notes

On December 23, 2010, the Company entered into a promissory note for $27.0 million to purchase a heavy helicopter. Upon maturity of the note on December 20, 2015, the Company refinanced the then outstanding balance of $19.0 million. The new note is secured by a helicopter and bears interest at the one-month LIBOR rate plus 181 basis points. The interest rate resets monthly and at December 31, 2017 was 2.47%. The note requires monthly principal and interest payments of $0.1 million with a final payment of $12.8 million due in December 2020.

On November 24, 2010, the Company entered into a promissory note for $11.7 million to purchase a medium helicopter. Upon maturity of the note on December 1, 2015, the Company refinanced the then outstanding balance of $5.9 million. The new note is secured by a helicopter and bears interest at the one-month LIBOR rate plus 181 basis points. The interest rate resets monthly and at December 31, 2017 was 2.43%. The note requires monthly principal and interest payments of less than $0.1 million with a final payment of $4.0 million due in December 2020.

During 2016, the notes were amended to, among other things, provide for cross-collateralization such that each helicopter now secures both promissory notes.

Aeróleo Debt

Our former partner in Aeróleo transferred its interests in Aeróleo to our new partner on October 1, 2015. In connection with the transfer, our former partner assigned two existing notes receivable from Aeróleo to our new partner. One note had a balance of $5.5 million on October 1, 2015 and was payable in U.S. dollars. The other note had a balance of $2.7 million on October 1, 2015 and was payable in Brazilian reals. Both notes bore interest at 6.0% per annum and called for 60 equal monthly payments of principal and accrued interest to begin on October 1, 2016. In June 2016, we and our partner in Aeróleo each contributed notes payable to us by Aeróleo, including these two notes, as a contribution of additional capital. 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 subsidiaries on the accompanying consolidated statements of operations.

In addition, on October 1, 2015, Aeróleo had an existing loan from a third party with a balance of $1.4 million. The note was payable in Brazilian reals, bore interest at a rate of 19.0% per annum and called for equal monthly payments of principal and interest with the final payment due in September 2016. In June 2016, the Company prepaid principal and interest of $1.5 million to settle the note in full.

We have also settled certain tax disputes in Brazil totaling $3.0 million and have agreed to make installment payments on the amounts due to the applicable taxing authorities. The installments are payable in Brazilian reals and bear interest at a rate equal to the overnight rate as published by the Central Bank of Brazil. Such amounts will be paid over the next 19 to 63 months as of December 31, 2017.

During the fourth quarter of 2017, our Brazil subsidiary elected to enter certain settled and open tax claims in the Tax Special Regularization Program (the "PERT Program") pursuant to Brazil Provisional Measure No. 783 issued on May 31, 2017. The PERT Program allows for the partial settling of debts, both income tax debts and non-income-based tax debts, due by April 30, 2017 to Brazil's Federal Revenue Service with the use of tax credits, including income tax loss carryforwards. A $3.5 million income tax benefit was recorded during the fourth quarter attributable to utilization of income tax loss carryforwards under the PERT Program offset by the accrual of additional operating expense associated with certain indirect tax claims enrolled into the PERT program.

Short and Long-Term Liquidity Requirements

We anticipate that we will generate positive cash flows from operations and that these cash flows will be adequate to meet our working capital requirements. During the year ended December 31, 2017, our cash provided by operations was $20.1 million. To support our capital expenditure program and/or other liquidity requirements, we may use any combination of operating cash flow, cash balances or proceeds from sales of assets, issue debt or equity, or borrowings under our Revolving Credit Facility. As of December 31, 2017, we had the ability to borrow an additional $75.8 million under the Revolving Credit Facility, subject to our compliance with the financial ratios discussed above. Our availability of long-term liquidity is dependent upon our ability to generate operating profits sufficient to meet our requirements for working capital, debt service, capital expenditures and a reasonable return on investment. Management will continue to closely monitor our liquidity and the credit markets.

Off-Balance Sheet Arrangements

On occasion, we and our partners will guarantee certain obligations on behalf of our joint ventures. As of December 31, 2017, we had no such guarantees in place. As of December 31, 2017, we had standby letters of credit totaling $1.3 million.

Contractual Obligations and Commercial Commitments

The following table summarizes our contractual obligations and other commercial commitments and their aggregate maturities as of December 31, 2017 (in thousands):

		Payments Due By Period			
	Total	Less Than 1 Year	1-3 Years	3-5 Years	More Than 5 Years
Contractual obligations:					
Long-term debt(1)	$270,055	$16,902	$86,602	$166,478	$73
Capital purchase obligations(2)	117,697	106,443	$11,254	$—	—
Operating leases(3)	14,995	1,172	$2,280	$1,299	10,244
Purchase obligations(4)	5,478	5,478	$—	$—	—
	$408,225	$129,995	$100,136	$167,777	$10,317

(1) Maturities of our borrowings, interest payments pursuant to such borrowings and a capital commitment fee on our Revolving Credit Facility are based on contractual terms. Interest amounts represent the expected cash payments for interest on our long-term debt based on the interest rates in place and amounts outstanding as of December 31, 2017. Installment payments on settled tax disputes in Brazil include interest calculated using rates in effect as of December 31, 2017.

(2) Capital purchase obligations as of December 31, 2017 represent commitments for the purchase of 11 new helicopters, consisting of five AW169 light twin helicopters, five AW189 heavy helicopters and one S92 heavy helicopters. Of the total unfunded capital commitments, $116.2 million may be terminated without further liability other than liquidated damages of $2.6 million in the aggregate. These commitments are not recorded as liabilities on our consolidated balance sheet as we had not yet received the goods or taken title to the property.

(3) Operating leases primarily include leases of facilities and helicopters that have a remaining term in excess of one year.

(4) Purchase obligations primarily include purchase orders for helicopter inventory and maintenance. These commitments are for goods and services to be acquired in the ordinary course of business and are fulfilled by our vendors within a short period of time.

Effects of Inflation

Our operations expose us to the effects of inflation. In the event that inflation becomes a significant factor in the world economy, inflationary pressures could result in increased operating and financing costs.

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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 Macaé (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, have paid all applicable taxes, penalties and interest and plan 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 us to deposit the amounts at issue as security to pursue further appeals. In 2015, 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 December 31, 2017, it is not possible to determine the outcome of the Municipal Assessments, but we do not expect that the 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 disputing responsibility for $3.0 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 December 31, 2017, it is not possible to determine the outcome of this matter, but we do not expect that the outcome would have a material adverse 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 December 31, 2017, it is not possible to determine the outcome of this matter, but we do not expect that the outcome would have a material adverse effect on our business, financial position or results of operations.

We are disputing the imposition of $1.0 million in fines levied by the Brazilian customs authorities. These fines relate to our alleged failure to comply with certain deadlines under the temporary regime pursuant to which we import helicopters into Brazil. In order to dispute such fines and pursue our legal remedies within the judicial system, we deposited certain amounts at issue as security into an escrow account with the presiding judge in the matters who controls the release of such funds pending the outcome. We believe our documentation evidences our timely compliance with the relevant deadlines. As such, we plan to defend this case vigorously. At December 31, 2017, it is not possible to determine the outcome of these matters, but we do not expect that the outcome would have a material adverse effect on our business, financial position or results of operations.

We are disputing fines of $0.3 million sought by taxing authorities in Brazil following the final adjudication to disallow certain tax credits we applied to offset certain social tax liabilities. The fine is calculated as 50% of the incremental tax liability resulting from the disallowance of the tax credits and has been applied without taking into account the circumstances relating to the disallowance of such tax credits. The constitutionality of such fines is under review by the Supreme Court in Brazil. There are a number of cases in which taxpayers have received favorable rulings due to the lack of constitutionality of the law. As such, we plan to defend this claim vigorously. At December 31, 2017, it is not possible to determine the outcome, but we do not expect that it would have a material adverse impact on our business, financial position or results of operations.

We are disputing contingent fees of $0.6 million sought by our former tax consultant that have been calculated based on unrealized tax savings attributed to the consultant's suggested tax strategies. Our contention is that fees are due only upon realized tax savings. At December 31, 2017, it is not possible to determine the outcome of these matters, but we do not expect that the outcome would have a material adverse effect on our business, financial position or results of operations.

In the normal course of business, we become involved in various employment-related litigation matters. At December 31, 2017, it is not possible to determine the outcome of several of these claims wherein an aggregate of $0.1 million above our established accrual is being sought from us. We do not expect that the outcome with respect to such claims would have a material adverse 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 imported into Brazil under a temporary regime and subject to re-export. In order to dispute such assessments and pursue our available legal remedies within the judicial system, we deposited the amounts at issue as security into an escrow account 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 December 31, 2017, it is not possible to determine the outcome of this matter, but we do not expect that the outcome would have a material adverse effect on our business, financial position or results of operations.

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. In addition, from time to time, we are involved in tax and other disputes with various government agencies. Management has used estimates in determining our potential exposure to these matters and has recorded reserves in our financial statements related thereto 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 business, consolidated financial position or results of operations. As it relates to the specific cases referred to above, we currently anticipate that any administrative fine or penalty ultimately would not have a material effect on our business, financial position or results of operations. We have deposited $10.3 million into escrow accounts controlled by the court with respect to certain of the cases described above and have fully reserved such amounts subject to final determination and the judicial release of such escrow deposits. These estimates are based on our 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.

Airbus Lawsuit

On November 21, 2016, we filed a lawsuit in the District Court of Dallas County, Texas against Airbus alleging breaches of various contracts between us, fraudulent inducement and unjust enrichment in connection with Airbus’ marketing and sale of H225 model helicopters to us. On October 26, 2017, we added claims against Airbus for fraud and negligent misrepresentation, and on December 28, 2017, we amended our complaint to seek damages attributable to the impact of Airbus’ unlawful acts on the value of an H225 that we purchased from another helicopter operator. We seek compensation for our monetary damages in an amount to be determined. We cannot predict the ultimate outcome of the litigation, and we may spend significant resources pursuing our legal remedies against Airbus.

Critical Accounting Policies and Estimates

The preparation of our financial statements is in conformity with U.S. generally accepted accounting principles (“GAAP”). In many cases, the accounting treatment of a particular transaction is specifically dictated by GAAP, whereas, in other circumstances, GAAP requires us to make estimates, judgments and assumptions that we believe are reasonable based upon information available. We base our estimates and judgments on historical experience, professional advice and various other sources that we believe to be reasonable under the circumstances. Actual results may differ from these estimates under different assumptions and conditions. We believe that of our significant accounting policies, as discussed in Note 1 to our Consolidated Financial Statements included in Item 8 of this Annual Report on Form 10-K, the following involve a higher degree of judgment and complexity.

Property and Equipment. Our net property and equipment represented 85.1% of our total assets as of December 31, 2017. We determine the carrying value of these assets based on our property and equipment accounting policies, which incorporate our estimates, assumptions, and judgments relative to capitalized costs, useful lives and salvage values of our assets.

Our property and equipment accounting policies are also designed to depreciate our assets over their estimated useful lives. The assumptions and judgments we use in determining the estimated useful lives and residual values of our helicopters and other equipment reflect both historical experience and expectations regarding future operations, utilization and performance of our assets. The use of different estimates, assumptions and judgments in the establishment of property and equipment accounting policies, especially those involving the useful lives and residual values of our helicopters, would likely result in materially different net book values of our assets and results of operations.

Useful lives of helicopters and residual values are difficult to estimate due to a variety of factors, including changes in operating conditions or environment, the introduction of technological advances in aviation equipment, changes in market or economic conditions including changes in demand for certain types of helicopters and changes in laws or regulations affecting the aviation or offshore oil and gas industry. We evaluate the remaining useful lives of our helicopters when certain events occur that directly impact our assessment of the remaining useful lives of the helicopters. Our consideration of ultimate residual value takes into account current expectations of fair market value and the expected time to ultimate disposal. The determination of the ultimate value to be received upon sale depends largely upon the condition of the helicopters and the flight time left on the helicopters and major components until the next major maintenance check is required. The future value also depends on the secondary helicopter market that exists as of that date, which can differ substantially over time.

Allowance for Doubtful Accounts. We establish allowances for doubtful accounts on a case-by-case basis when we believe the payment of amounts owed to us is unlikely to occur. In establishing these allowances, we consider a number of factors, including our historical experience and changes in our client's financial position. Such estimates involve significant judgment by management.

We derive a significant portion of our revenue from services to international, independent and major integrated oil and gas companies and government agencies. Our receivables are concentrated primarily in the Gulf of Mexico. We generally do not require collateral or other security to support client receivables.

Inventory Reserve. We maintain inventory that primarily consists of spare parts to service our helicopters. We establish an allowance to distribute the cost of spare parts expected to be on hand at the end of a fleet's life over the service lives of the related equipment, taking into account the estimated salvage value of the parts. Also, we periodically review the condition and continuing usefulness of the parts to determine whether the realizable value of our inventory is lower than its book value. Parts related to helicopter types that our management has determined will no longer be included in our fleet or will be substantially reduced in our fleet in future periods are specifically reviewed. If our valuation of these parts is significantly lower than the book value of the parts, an additional provision may be required.

Taxes. Our annual tax provision is based on expected taxable income, statutory rates and tax planning opportunities available in various jurisdictions in which we operate. The determination and evaluation of the annual tax provision and tax positions involves the interpretation of tax laws and requires significant judgment and the use of estimates and assumptions regarding significant future events such as the amount, timing and character of income, deductions and tax credits. Changes in tax laws, regulations, agreements, treaties, foreign currency exchange restrictions or our level of operations or profitability in each area impacts the tax liability. A number of years may elapse before the ultimate tax liabilities in the various jurisdictions are determined.

We recognize foreign tax credits available to us to offset the U.S. income taxes due on income earned from foreign sources. These credits are limited by the total income tax on our U.S. income tax return as well as by the ratio of foreign source income in each statutory category to total income. In estimating the amount of foreign tax credits that are realizable, we estimate future taxable income in each statutory category. These estimates are subject to change based on changes in the market conditions in each statutory category and the timing of certain deductions available to us in each statutory category. We periodically reassess these estimates and record changes to the amount of realizable foreign tax credits based on these revised estimates.

We maintain reserves for estimated tax exposures. Tax exposure items include potential challenges to intercompany pricing, disposition transactions and the applicability or rates of various withholding taxes. Exposures are resolved primarily through the settlement of audits or by judicial means, but can also be affected by changes in applicable tax law, statute of limitation expirations, etc., which may result in a revision of past estimates. We review these liabilities quarterly for determination of whether further liability shall be accrued or whether existing liabilities shall be reversed due to expiration of related statutes of limitation, settlement of the respective items with the tax authorities, or the issuance of rules, regulations, legislation or court rulings that resolve the uncertainty.

Intangible Assets. We record purchased intangible assets at their respective fair values on the date acquired. Intangible assets with finite lives are amortized on a straight-line basis over their estimated useful lives. Intangible assets with indefinite lives are tested for impairment on an annual basis, or more frequently when indicators of impairment are present between annual impairment tests. The impairment analysis uses a discounted future cash flow approach to determine fair value and incorporates, among other things, projected utilization of our fleet, future oil prices and contract rates. These estimates are reviewed each time we test indefinite lived intangible assets for impairment and are typically developed as part of our routine business planning and forecasting process. While we believe our estimates and assumptions are reasonable, variations from those estimates could produce materially different results.

Impairment of Long-Lived Assets. We review our property and equipment for impairment when events or changes in circumstances indicate that the carrying value of such assets may not be recoverable. Our long-lived assets are grouped at the lowest level for which there are identifiable cash flows that are largely independent of the cash flows of other groups of assets, which, for us, is generally at the fleet group level. In the third quarter of 2017, we determined that we will not utilize the H225 helicopters in our operations and concluded that the cash flows associated with our H225 heavy helicopters are largely independent from the cash flows associated with the remainder of the fleet. As such, we determined our H225 heavy helicopters should be evaluated as a separate asset group for impairment. If an impairment is indicated for an asset group classified as held and used, an impairment evaluation will be performed. Asset impairment evaluations are based on estimated undiscounted cash flows over the remaining useful life for the assets being evaluated. If the sum of the expected future cash flows is less than the carrying amount of the asset group, we would be required to recognize an impairment loss. When determining fair value, we utilize various assumptions, including projections of future cash flows. A change in these underlying assumptions could cause a change in the results of the tests and, as such, could cause fair value to be less than the carrying amounts. In such event, we would then be required to record a corresponding charge, which would reduce our earnings. We continue to evaluate our estimates and assumptions and believe that our assumptions, which include an estimate of future cash flows based upon the anticipated performance of the underlying assets, are appropriate.

Supply and demand are the key drivers of helicopter idle time and our ability to contract our helicopters at economical rates. During periods of oversupply, it is not uncommon for us to have helicopters idled for extended periods of time, which could be an indication that an asset group may be impaired. In most instances, and over their useful lives, our helicopters could be used interchangeably. Due to the mobility of helicopters, we may move them from a weak geographic market to a stronger geographic market if an adequate opportunity arises to do so.

Recent Accounting Pronouncements

For a description of recent accounting pronouncements that will, or could possibly, have an effect on our financial condition and results of operations, see Note 1 to our Consolidated Financial Statements included in Item 8 of this Annual Report on Form 10-K.

Item 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

As of December 31, 2017, we had non-U.S. dollar denominated capital purchase commitments of €95.7 million ($114.9 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 $11.5 million.

We had $39.0 million of LIBOR-based variable rate borrowings under our Revolving Credit Facility as of December 31, 2017. The average borrowing rate under the facility at December 31, 2017 was 3.78%. A 10% increase in LIBOR would result in additional annual interest expense of approximately $57,000, net of tax.

As of December 31, 2017, excluding debt outstanding under our Revolving Credit Facility, we had $21.6 million of variable rate debt outstanding. These instruments bear a variable interest rate that resets monthly and is computed as the one-month LIBOR rate at the date of each reset plus 181 basis points. As of December 31, 2017, the weighted average interest rate on these borrowings was 2.26%. A 10% increase in the underlying LIBOR would raise the rate to 2.30%, resulting in additional annual interest expense of approximately $6,300, net of tax.

As of December 31, 2017, we maintained a non-U.S. dollar denominated working capital balance of R$20.4 million ($6.2 million). An adverse change of 10% in the underlying foreign currency exchange rate would reduce our working capital balance by $0.5 million. As of December 31, 2017, we maintained a non-U.S. dollar denominated working capital balance of COP$2,751 million ($0.9 million). An adverse change of 10% in the underlying foreign currency exchange rate would reduce our working capital balance by less than $0.1 million.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The consolidated financial statements and related notes required by this item are included in Part IV, Item 15 of this Annual Report on Form 10-K and are presented beginning on page 62 of this Annual Report on Form 10-K.

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

None.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure 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 Exchange Act) as of December 31, 2017. Disclosure controls and procedures are designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified under Securities Exchange Commission (“SEC”) 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. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives.

Based on the evaluation of our disclosure controls and procedures, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were not effective at the reasonable assurance level as of December 31, 2017 solely because of the existence of the material weaknesses in our internal control over financial reporting described below under “Management’s Report on Internal Control Over Financial Reporting.”

Management’s Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act).

Management conducted an evaluation of the effectiveness of its internal control over financial reporting as of December 31, 2017 based on the updated framework in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. This evaluation included a review of the documentation surrounding our financial controls, an evaluation of the design effectiveness of these controls, testing of the operating effectiveness of these controls and a conclusion on this evaluation. There are inherent limitations in the effectiveness of any system of internal control over financial reporting, including the possibility of the circumvention or overriding of controls.

Based on management’s evaluation, management concluded that we did not maintain effective internal control over financial reporting as of December 31, 2017, because of the material weaknesses related to the accrual of interest and income tax and tax accrual process described below.

Material Weaknesses in Internal Control Over Financial Reporting

In connection with our evaluation of the effectiveness of our internal control over financial reporting as of December 31 , 2017, management determined that review controls over the accrual of interest relating to tax installment agreements entered into by Aeróleo, our subsidiary in Brazil, were not designed effectively to ensure the accuracy of the accrual of variable interest.

While this deficiency in controls did not result in a material misstatement of our 2017 consolidated financial statements, we determined this deficiency represents a material weakness in internal control over financial reporting as of December 31, 2017 and resulted in the correction of errors in our fourth quarter 2017 financial results. See Note 15 to our consolidated financial statements included in Item 8 of this Annual Report on Form 10-K.

Management also identified a material weakness in the third and fourth quarters of 2017 related to the design and operation of controls over preparation and review of the Company’s calculation of its tax provisions (income and other).

Remediation Process

In order to remediate these material weaknesses in internal control, management is in the process of implementing additional controls. These new controls will include validation of monthly interest accruals on tax installments including review of the terms of any new installment arrangements. We expect the implementation of the additional controls to be completed by the end of first quarter 2018 and believe those remediation efforts will strengthen our internal control over financial reporting and remediate the material weaknesses identified by management.

Management is in the process of remediating the material weakness related to the design and operation of controls over the preparation and review of the Company’s calculation by enhancing the precision of the review and reconciliation controls over each significant component of the income tax and other tax accrual processes.

Management is in the process of remediating the material weakness related to the design and operation of controls over the preparation and review of the Company’s calculation of its tax provision. We expected these new controls will be implemented in the first quarter of 2018.

Remediation of Previously Reported Material Weakness

In connection with its evaluation of the internal control over financial reporting for the year ended December 31, 2016, management identified a material weakness in our internal control over financial reporting related to the existence and proper classification of property and equipment.

During 2017, management enhanced its internal control over financial reporting to address these previously identified material weaknesses by implementing additional controls, including a more detailed property and equipment capitalization policy, training and educating the applicable accounting and operational employees on the new policy, implementing improved controls over the classification and recording of property and equipment and implementing improved reconciliation controls. Specifically, these measures included: (i) further detailing, formalizing and documenting the procedures surrounding the classification of property and equipment in order to ensure consistent application of our policies; (ii) expanding management's review of the related classification process; and (iii) expanding, formalizing and documenting additional analysis to be performed on our fixed asset register, including monthly, quarterly and annual reconciliations of the register.

Accordingly, management concluded this material weakness was remediated as of December 31, 2017.

Changes in Internal Control Over Financial Reporting

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Except as noted above under “Remediation of Prior Material Weaknesses,” there were no changes in our internal control procedures over financial reporting during the quarter ended December 31, 2017. Subsequent to December 31, 2017, we began implementing the changes noted under “Management’s Report on Internal Control Over Financial Reporting-Remediation Process” above in order to address the material weakness identified in our internal controls over financial reporting for the year ended December 31, 2017.

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required by this Item will be presented in our 2018 Proxy Statement, which will be filed with the SEC no later than 120 days after our fiscal year ended December 31, 2017 and which is incorporated herein by reference. Information about our executive officers can be found after Item 4 in Part I of this Annual Report on Form 10-K.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this Item will be presented in our 2018 Proxy Statement, which will be filed with the SEC no later than 120 days after our fiscal year ended December 31, 2017 and which is incorporated herein by reference.

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

The information required by this Item will be presented in our 2018 Proxy Statement, which will be filed with the SEC no later than 120 days after our fiscal year ended December 31, 2017 and which is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by this Item will be presented in our 2018 Proxy Statement, which will be filed with the SEC no later than 120 days after our fiscal year ended December 31, 2017 and which is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required by this Item will be presented in our 2018 Proxy Statement, which will be filed with the SEC no later than 120 days after our fiscal year ended December 31, 2017 and which is incorporated herein by reference.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) Documents filed as part of this report:

1. Financial Statements

The consolidated financial statements filed as part of this report are listed on the Index to Consolidated Financial Statements of this Annual Report on Form 10-K.

2. Financial Statement Schedules

All financial statement schedules have been omitted here because they are not applicable, not required, or the information is shown in the consolidated financial statements or notes thereto.

3. Exhibits

Exhibit Index		Exhibit Description
3.1	*	Amended and Restated Certificate of Incorporation of Era Group Inc. (incorporated herein by reference to Exhibit 3.1 of the Company’s Current Report on Form 8-K filed with the SEC on February 1, 2013 (File No. 001-35701)).
3.2	*	Amended and Restated Bylaws of Era Group Inc. (incorporated herein by reference to Exhibit 3.2 of the Company’s Current Report on Form 8-K with the SEC on February 1, 2013 (File No. 001-35701)).
4.1	*	Form of Common Stock Certificate of Era Group Inc. (incorporated herein by reference to Exhibit 4.1 of the Company’s Amendment No. 2 to Registration Statement on Form 10 filed with the SEC on January 15, 2013, as amended (File No. 001-35701)).
4.2	*	Indenture, dated as of December 7, 2012, among Era Group Inc., the guarantors named therein and Wells Fargo Bank, National Association (incorporated herein by reference to Exhibit 4.3 of the Company’s Amendment No. 1 to Registration Statement on Form 10 filed with the SEC on January 15, 2013, as amended (File No. 001-35701)).
10.1	*	Tax Matters Agreement between SEACOR Holdings Inc. and Era Group Inc. (incorporated herein by reference to Exhibit 10.3 of the Company’s Current Report on Form 8-K filed with the SEC on February 1, 2013 (File No. 001-35701)).
10.2	* +	Era Group Inc. 2012 Share Incentive Plan. (incorporated herein by reference to Exhibit 10.4 of the Company’s Registration Statement on Form 10 filed with the SEC on October 12, 2012, as amended (File No. 001-35701)).
10.3	* +	Form of Stock Option Grant Agreement pursuant to the Era Group Inc. 2012 Share Incentive Plan. (incorporated herein by reference to Exhibit 10.3 of the Company’s Current Report on Form 8-K filed with the SEC on March 5, 2013, as amended (File No. 001-35701)).
10.4	* +	Form of Restricted Stock Grant Agreement pursuant to the Era Group Inc. 2012 Share Incentive Plan. (incorporated herein by reference to Exhibit 10.2 of the Company’s Current Report on Form 8-K filed with the SEC on March 5, 2013, as amended (File No. 001-35701)).
10.5	* +	Form of Performance-Based Restricted Stock Grant Agreement pursuant to the Era Group Inc. 2012 Share Incentive Plan. (incorporated herein by reference to Exhibit 10.4 of the Company’s Current Report on Form 8-K filed with the SEC on March 5, 2013 (File No. 001-35701)).
10.6	* +	Form of Non-Employee Director Restricted Stock Award Agreement pursuant to the Era Group Inc. 2012 Share Incentive Plan (incorporated herein by reference to Exhibit 10.7 of the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2013 filed with the SEC on May 15, 2013 (File No. 001-35701)).
10.7	* +	Form of Time-based Restricted Stock Agreement pursuant to the Era Group Inc. 2012 Share Incentive Plan (incorporated herein by reference to Exhibit 10.9 of the Company’s Annual Report on Form 10-K for the year ended December 31, 2014 filed with the SEC on March 11, 2015 (File No. 001-35701)).
10.8	* +	Form of Indemnification Agreement between Era Group Inc. and individual officers and directors. (incorporated herein by reference to Exhibit 10.10 of the Company’s Registration Statement on Form 10 filed with the SEC on October 12, 2012, as amended (File No. 001-35701)).
10.9		

	* +	Era Group Inc. Management Incentive Plan (incorporated herein by reference to Exhibit 10.11 of the Company's Amendment No. 1 to Registration Statement on Form 10 filed with the SEC on December 18, 2012, as amended (File No. 001-35701)).
10.10	* +	Era Group Inc. 2013 Employee Stock Purchase Plan (incorporated herein by reference to Exhibit 99.1 of the Company's Registration Statement on Form S-8 filed with the SEC on March 8, 2013 (File No. 333-187166))
10.11	*	Amendment No. 1, dated September 15, 2016, to the Era Group Inc. 2013 Employee Stock Purchase Plan (incorporated herein by reference to Exhibit 99.2 of the Company's Registration Statement on Form S-8 filed with the SEC on November 2, 2016 (File No. 001-35701)).

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10.12*	Amended and Restated Credit Agreement dated March 31, 2014 for a $300,000,000 Senior Secured Revolving Credit Facility by and among Era Group Inc., Suntrust Robinson Humphrey, Inc., Wells Fargo Securities, LLC, Suntrust Bank, Wells Fargo Bank, N.A., JPMorgan Chase Bank, N.A., Deutsche Bank AG New York Branch, Regions Bank and other financial institutions identified on Schedule A thereto (incorporated herein by reference to Exhibit 10.1 of the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2014 filed with the SEC on May 6, 2014 (File No. 001-35701))
10.13*	Amendment No. 1, dated May 18, 2015 to the Amended and Restated Credit Agreement dated March 31, 2014 by and among Era Group Inc. and its subsidiaries a security party thereto, Suntrust Bank, as Administrative Agent, and the lenders signatories thereto (incorporated herein by reference to Exhibit 10.13 of Amendment No. 1 to the Company's Annual Report on Form 10-K/A for the year ended December 31, 2015 filed with the SEC on February 29, 2016 (File No. 001-35701).
10.14*	Amendment No. 2, dated March 4, 2016 to the Amended and Restated Credit Agreement dated March 31, 2014 by and among Era Group Inc. and its subsidiaries a security party thereto, Suntrust Bank, as Administrative Agent, and the lenders signatories thereto (incorporated herein by reference to Exhibit 10.1 of the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2016 filed with the SEC on November 1, 2016 (File No. 001-35701).
10.15*	Amendment No. 3, dated October 27, 2016 to the Amended and Restated Credit Agreement dated March 31, 2014 by and among Era Group Inc. and its subsidiaries a security party thereto, Suntrust Bank, as Administrative Agent, and the lenders signatories thereto (incorporated herein by reference to Exhibit 10.2 of the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2016 filed with the SEC on November 1, 2016 (File No. 001-35701).
10.16	Amendment No. 4, dated March 7, 2018 to the Amended and Restated Credit Agreement dated March 31, 2014 by and among Era Group Inc. and its subsidiaries a security party thereto, Suntrust Bank, as Administrative Agent, and the lenders signatories thereto.
10.17*+	Era Group Inc. Senior Executive Severance Plan (incorporated herein by reference to Exhibit 10.1 of the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2015 filed with the SEC on August 5, 2015 (File No. 001-35701).
10.18*+	Christopher Bradshaw Letter Agreement (incorporated herein by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed with the SEC on December 17, 2015 (File No. 001-35701).
10.19*+	Shefali Shah Letter Agreement (incorporated herein by reference to Exhibit 10.2 of the Company's Current Report on Form 8-K filed with the SEC on December 17, 2015 (File No. 001-35701).
10.20*+	Andrew Puhala Letter Agreement (incorporated herein by reference to Exhibit 10.3 of the Company's Current Report on Form 8-K filed with the SEC on December 17, 2015 (File No. 001-35701).
10.21*+	Stuart Stavley Letter Agreement (incorporated herein by reference to Exhibit 10.4 of the Company's Current Report on Form 8-K filed with the SEC on December 17, 2015 (File No. 001-35701).
10.22*+	Paul White Letter Agreement (incorporated herein by reference to Exhibit 10.5 of the Company's Current Report on Form 8-K filed with the SEC on December 17, 2015 (File No. 001-35701).
10.23*	Promissory note for a $5,933,188 secured note between Era Helicopters, LLC, U.S. Bank Equipment Finance, a division of U.S. Bank National Association (incorporated herein by reference to Exhibit 10.21 of Amendment No. 1 to the Company's Annual Report on Form 10-K/A for the year ended December 31, 2015 filed with the SEC on February 29, 2016 (File No. 001-35701).
10.24*	Promissory note for a $19,035,000 secured note between Era Helicopters, LLC, U.S. Bank Equipment Finance, a division of U.S. Bank National Association (incorporated herein by reference to Exhibit 10.22 of Amendment No. 1 to the Company's Annual Report on Form 10-K/A for the year ended December 31, 2015 filed with the SEC on February 29, 2016 (File No. 001-35701).
10.25*+	Form of Time-based Restricted Stock Agreement pursuant to the Era Group Inc. 2012 Share Incentive Plan (incorporated herein by reference to Exhibit 10.23 of Amendment No. 1 to the Company's Annual Report on Form 10-K/A for the year ended December 31, 2015 filed with the SEC on February 29, 2016 (File No.

	001-35701).
21.1	List of subsidiaries of Era Group Inc.
23.1	Consent of Ernst & Young LLP, independent registered public accounting firm.
23.2	Consent of KPMG LLP, independent registered public accounting firm.
31.1	Certification by the Principal Executive Officer Pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act.
31.2	Certification by the Principal Financial Officer Pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the 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.

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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

* Incorporated herein by reference as indicated.

+ Management contracts or compensatory plans or arrangements required to be filed as an Exhibit pursuant to Item 15 (b) of the rules governing the preparation of this Annual Report on Form 10-K.

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SIGNATURES

Pursuant to the requirements of Section 13 of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, and in the capacities indicated, thereunto duly authorized.

Era Group Inc.

By: /s/ Jennifer Whalen
Jennifer Whalen, Senior Vice President, Chief Financial Officer

Date: March 8, 2018

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signer	Title	Date
/s/ Christopher S. Bradshaw Christopher S. Bradshaw	President, Chief Executive Officer and Director (Principal Executive Officer)	March 8, 2018
/s/ Jennifer D. Whalen Jennifer D. Whalen	Senior Vice President and Chief Financial Officer (Principal Accounting Officer)	March 8, 2018
/s/ Charles Fabrikant Charles Fabrikant	Chairman of the Board and Director	March 8, 2018
Blaine V. Fogg	Director	March 8, 2018
/s/ Steven Webster Steven Webster	Director	March 8, 2018
/s/ Ann Fairbanks Ann Fairbanks	Director	March 8, 2018
/s/ Christopher P. Papouras Christopher P. Papouras	Director	March 8, 2018
/s/ Yueping Sun Yueping Sun	Director	March 8, 2018

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of Era Group Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Era Group Inc. (the Company) as of December 31, 2017 and 2016, and the related consolidated statements of operations, comprehensive income, changes in equity, and cash flows for each of the three years in the period ended December 31, 2017, and the related notes (collectively, referred to as the “financial statements”). In our opinion, based on our audits and the report of other auditors, the financial statements present fairly, in all material respects, the consolidated financial position of the Company at December 31, 2017 and 2016, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2017, in conformity with U.S. generally accepted accounting principles.

We did not audit the 2016 and 2015 financial statements of Dart Holding Company Ltd., a corporation in which the Company has a 50% interest. In the consolidated financial statements, the Company’s investment in and advances to Dart Holding Company Ltd. is stated at $24.8 million as of December 31, 2016, and the Company’s equity in the net income (loss) of Dart Holding Company Ltd. is stated at $1.3 million in 2016 and ($1.6 million) in 2015. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Dart Holding Company Ltd., is based solely on the report of the other auditors.

Basis for Opinion

These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits and the report of other auditors provide a reasonable basis for our opinion.

/s/Ernst & Young LLP

We have served as the Company’s auditor since 2007.

Houston, Texas
March 8, 2018

KPMG LLP Telephone (514) 840-2100
600 de Maisonneuve Blvd. West Fax (514) 840-2187
Suite 1500, Tour KPMG Internet www.kpmg.ca
Montréal (Québec) H3A 0A3
Canada

INDEPENDENT AUDITORS' REPORT OF REGISTERED
PUBLIC ACCOUNTING FIRM

To the Directors of Dart Holding Company Ltd.
We have audited the consolidated balance sheets of Dart Holding Company Ltd. as of December 31, 2016 and 2015, and the related consolidated statements of income (loss) and comprehensive income (loss), stockholders' equity and cash flows for each of the years in the two-year period ended December 31, 2016. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

Auditors' Responsibility

We conducted our audit in accordance with Canadian generally accepted auditing standards and in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Dart Holding Company Ltd. as of December 31, 2016 and 2015, and its consolidated results of operations and its consolidated cash flows for each of the years in the two-year period ended December 31, 2016 in conformity with U.S. generally accepted accounting principles.

/s/ KPMG LLP
Chartered Professional Accountants,
Licensed Public Accountants
February 27, 2017
Montréal, Canada

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

	December 31,	
	2017	2016
ASSETS		