

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549**

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended **September 30, 2018** or

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

Commission file number **1-35701**

Era Group Inc.

(Exact Name of Registrant as Specified in Its Charter)

Delaware

(State or Other Jurisdiction of
Incorporation or Organization)

72-1455213

(IRS Employer
Identification No.)

818 Town & Country Blvd., Suite 200

Houston, Texas

(Address of Principal Executive Offices)

77024

(Zip Code)

713-369-4700

(Registrant's Telephone Number, Including Area Code)

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

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

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

The total number of shares of common stock, par value \$0.01 per share, outstanding as of November 2, 2018 was 21,761,823. The Registrant has no other class of common stock outstanding.

ERA GROUP INC.

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PART I—FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

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

	September 30, 2018	December 31, 2017
	(unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents (including \$1,007 and \$1,699 from VIEs in 2018 and 2017, respectively) ⁽¹⁾	\$ 47,631	\$ 13,583
Receivables:		
Trade, operating, net of allowance for doubtful accounts of \$854 and \$1,196 in 2018 and 2017, respectively (including \$5,834 and \$5,854 from VIEs in 2018 and 2017, respectively)	35,655	33,840
Trade, dry-leasing	3,833	5,124
Tax receivables (including \$3,117 and \$2,828 from VIEs in 2018 and 2017, respectively)	3,117	2,829
Other (including \$51 and \$257 from VIEs in 2018 and 2017, respectively)	2,701	1,623
Inventories, net (including \$31 and \$39 from VIEs in 2018 and 2017, respectively)	20,157	21,112
Prepaid expenses (including \$130 and \$40 from VIEs in 2018 and 2017, respectively)	2,367	1,203
Escrow deposits	—	3,250
Total current assets	115,461	82,564
Property and equipment (including \$2,477 and \$1,951 from VIEs in 2018 and 2017, respectively)	927,477	972,942
Accumulated depreciation (including \$443 and \$487 from VIEs in 2018 and 2017, respectively)	(314,736)	(299,028)
Property and equipment, net	612,741	673,914
Equity investments and advances	26,600	30,056
Intangible assets	1,111	1,122
Other assets (including \$84 and \$61 from VIEs in 2018 and 2017, respectively)	18,421	4,441
Total assets	\$ 774,334	\$ 792,097
LIABILITIES, REDEEMABLE NONCONTROLLING INTEREST AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued expenses (including \$1,519 and \$1,807 from VIEs in 2018 and 2017, respectively)	\$ 10,438	\$ 16,421
Accrued wages and benefits (including \$1,541 and \$1,397 from VIEs in 2018 and 2017, respectively)	8,605	8,264
Accrued interest	3,404	606
Accrued income taxes	2,993	28
Accrued other taxes (including \$361 and \$600 from VIEs in 2018 and 2017, respectively)	2,396	1,810
Accrued contingencies (including \$1,014 and \$858 from VIEs in 2018 and 2017, respectively)	1,014	859
Current portion of long-term debt (including \$495 and \$1,073 from VIEs in 2018 and 2017, respectively)	2,158	2,736
Other current liabilities (including \$0 and \$8 from VIEs in 2018 and 2017, respectively)	1,033	1,720
Total current liabilities	32,041	32,444
Long-term debt (including \$0 and \$1,903 from VIEs in 2018 and 2017, respectively)	160,476	202,174
Deferred income taxes	108,138	106,598
Other liabilities	1,753	1,434
Total liabilities	302,408	342,650
Commitments and contingencies (see Note 8)		
Redeemable noncontrolling interest	3,456	3,766
Equity:		
Era Group Inc. stockholders' equity:		
Common stock, \$0.01 par value, 60,000,000 shares authorized; 21,761,823 and 21,319,150 outstanding in 2018 and 2017, respectively, exclusive of treasury shares	219	215
Additional paid-in capital	447,013	443,944
Retained earnings	24,079	4,363
Treasury shares, at cost; 215,141 shares in 2018 and 2017	(2,951)	(2,951)
Accumulated other comprehensive income, net of tax	110	110
Total equity	468,470	445,681
Total liabilities, redeemable noncontrolling interest and stockholders' equity	\$ 774,334	\$ 792,097

(1) Refer to footnote 5 for more detail on variable interest entities ("VIE")

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

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Revenues:				
Operating revenues	\$ 51,894	\$ 58,753	\$ 161,116	\$ 161,077
Dry-leasing revenues	2,716	2,632	8,544	12,713
Total revenues	54,610	61,385	169,660	173,790
Costs and expenses:				
Operating	36,513	43,987	114,505	123,079
Administrative and general	8,837	10,928	35,714	31,211
Depreciation and amortization	9,541	12,103	30,011	35,635
Total costs and expenses	54,891	67,018	180,230	189,925
Gains (losses) on asset dispositions, net	(148)	(122)	2,269	5,048
Litigation settlement proceeds	42,000	—	42,000	—
Loss on impairment	—	(117,018)	—	(117,018)
Operating income (loss)	41,571	(122,773)	33,699	(128,105)
Other income (expense):				
Interest income	732	206	1,224	641
Interest expense	(3,549)	(4,097)	(11,646)	(11,620)
Foreign currency gains (losses), net	(94)	12	(1,095)	(96)
Gain on debt extinguishment	—	—	175	—
Other, net	15	(33)	21	(29)
Total other income (expense)	(2,896)	(3,912)	(11,321)	(11,104)
Income (loss) before income taxes and equity earnings	38,675	(126,685)	22,378	(139,209)
Income tax expense (benefit)	7,861	(45,237)	4,549	(48,066)
Income (loss) before equity earnings	30,814	(81,448)	17,829	(91,143)
Equity earnings, net of tax	465	233	1,577	1,069
Net income (loss)	31,279	(81,215)	19,406	(90,074)
Net loss (income) attributable to noncontrolling interest in subsidiary	10	(233)	310	219
Net income (loss) attributable to Era Group Inc.	\$ 31,289	\$ (81,448)	\$ 19,716	\$ (89,855)
Income (loss) per common share:				
Basic	\$ 1.44	\$ (3.91)	\$ 0.91	\$ (4.34)
Diluted	\$ 1.44	\$ (3.91)	\$ 0.91	\$ (4.34)
Weighted average common shares outstanding:				
Basic	21,215,576	20,844,376	21,139,212	20,715,686
Diluted	21,239,189	20,844,376	21,156,466	20,715,686

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

ERA GROUP INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(unaudited, in thousands)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Net income (loss)	\$ 31,279	\$ (81,215)	\$ 19,406	\$ (90,074)
Other comprehensive loss:				
Foreign currency translation adjustments	—	—	(5)	(2)
Total other comprehensive loss	—	—	(5)	(2)
Comprehensive income (loss)	31,279	(81,215)	19,401	(90,076)
Comprehensive loss (income) attributable to noncontrolling interest in subsidiary	10	(233)	310	219
Comprehensive income (loss) attributable to Era Group Inc.	\$ 31,289	\$ (81,448)	\$ 19,711	\$ (89,857)

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

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

Three Months Ended September 30, 2018

	Redeemable Noncontrolling Interest	Era Group Inc. Stockholders' Equity					Total Equity
		Common Stock	Additional Paid-In Capital	Retained Earnings	Treasury Shares	Accumulated Other Comprehensive Income	
June 30, 2018	\$ 3,466	\$ 219	\$ 445,885	\$ (7,210)	\$ (2,951)	\$ 105	\$ 436,048
Issuance of common stock:							
Employee Stock Purchase Plan	—	—	409	—	—	—	409
Share award amortization	—	—	719	—	—	—	719
Net income	—	—	—	31,279	—	—	31,279
Net loss attributable to redeemable noncontrolling interest	(10)	—	—	10	—	—	10
Currency translation adjustments, net of tax	—	—	—	—	—	5	5
September 30, 2018	<u>\$ 3,456</u>	<u>\$ 219</u>	<u>\$ 447,013</u>	<u>\$ 24,079</u>	<u>\$ (2,951)</u>	<u>\$ 110</u>	<u>\$ 468,470</u>

Three Months Ended September 30, 2017

	Redeemable Noncontrolling Interest	Era Group Inc. Stockholders' Equity					Total Equity
		Common Stock	Additional Paid-In Capital	Retained Earnings	Treasury Shares	Accumulated Other Comprehensive Income	
June 30, 2017	\$ 3,769	\$ 215	\$ 441,595	\$ 24,117	\$ (2,968)	\$ 90	\$ 463,049
Issuance of common stock:							
Employee Stock Purchase Plan	—	—	373	—	—	—	373
Share award amortization	—	—	975	—	—	—	975
Cancellation of restricted stock	—	—	5	—	(5)	—	—
Net loss	—	—	—	(81,215)	(1)	—	(81,216)
Net income attributable to redeemable noncontrolling interest	233	—	—	(233)	—	—	(233)
September 30, 2017	<u>\$ 4,002</u>	<u>\$ 215</u>	<u>\$ 442,948</u>	<u>\$ (57,331)</u>	<u>\$ (2,974)</u>	<u>\$ 90</u>	<u>\$ 382,948</u>

Nine Months Ended September 30, 2018

	Redeemable Noncontrolling Interest	Era Group Inc. Stockholders' Equity					
		Common Stock	Additional Paid-In Capital	Retained Earnings	Treasury Shares	Accumulated Other Comprehensive Income	Total Equity
December 31, 2017	\$ 3,766	\$ 215	\$ 443,944	\$ 4,363	\$ (2,951)	\$ 110	\$ 445,681
Issuance of common stock:							
Restricted stock grants	—	3	(3)	—	—	—	—
Employee Stock Purchase Plan	—	1	892	—	—	—	893
Share award amortization	—	—	2,180	—	—	—	2,180
Net income (loss)	—	—	—	19,406	—	—	19,406
Net loss attributable to redeemable noncontrolling interest	(310)	—	—	310	—	—	310
September 30, 2018	\$ 3,456	\$ 219	\$ 447,013	\$ 24,079	\$ (2,951)	\$ 110	\$ 468,470

Nine Months Ended September 30, 2017

	Redeemable Noncontrolling Interest	Era Group Inc. Stockholders' Equity					
		Common Stock	Additional Paid-In Capital	Retained Earnings	Treasury Shares	Accumulated Other Comprehensive Income	Total Equity
December 31, 2016	\$ 4,221	\$ 211	\$ 438,489	\$ 32,524	\$ (2,899)	\$ 92	\$ 468,417
Issuance of common stock:							
Restricted stock grants	—	3	(3)	—	—	—	—
Employee Stock Purchase Plan	—	1	835	—	—	—	836
Share award amortization	—	—	3,604	—	—	—	3,604
Cancellation of restricted stock	—	—	23	—	(23)	—	—
Purchase of treasury shares	—	—	—	—	(52)	—	(52)
Net loss	—	—	—	(90,074)	—	—	(90,074)
Net loss attributable to redeemable noncontrolling interest	(219)	—	—	219	—	—	219
Currency translation adjustments, net of tax	—	—	—	—	—	(2)	(2)
September 30, 2017	\$ 4,002	\$ 215	\$ 442,948	\$ (57,331)	\$ (2,974)	\$ 90	\$ 382,948

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

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

	Nine Months Ended September 30,	
	2018	2017
Cash flows from operating activities:		
Net income (loss)	\$ 19,406	\$ (90,074)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	30,011	35,635
Share-based compensation	2,180	3,604
Bad debt expense, net	—	47
Interest income	(614)	—
Non-cash penalty and interest expenses	607	—
Gains on asset dispositions, net	(2,269)	(5,048)
Debt discount amortization	188	174
Amortization of deferred financing costs	1,173	850
Foreign currency losses, net	1,097	47
Gain on debt extinguishment, net	(175)	—
Loss on impairment	—	117,018
Deferred income tax benefit	1,541	(48,057)
Equity earnings, net of tax	(1,577)	(1,069)
Changes in operating assets and liabilities:		
Increase in receivables	(2,390)	(5,107)
Decrease in prepaid expenses and other assets	393	828
Increase in accounts payable, accrued expenses and other liabilities	781	9,080
Net cash provided by operating activities	<u>50,352</u>	<u>17,928</u>
Cash flows from investing activities:		
Purchases of property and equipment	(7,686)	(13,121)
Proceeds from disposition of property and equipment	29,520	5,690
Investments in and advances to equity investees	—	(126)
Dividends received from equity investees	1,000	—
Principal payments on notes due from equity investees	401	564
Principal payments on third party notes receivable	620	94
Net cash provided by (used in) investing activities	<u>23,855</u>	<u>(6,899)</u>
Cash flows from financing activities:		
Proceeds from Revolving Credit Facility	—	9,000
Long-term debt issuance costs	(1,295)	—
Payments on long-term debt	(42,562)	(24,745)
Proceeds from share award plans	893	836
Purchase of treasury shares	—	(52)
Net cash used in financing activities	<u>(42,964)</u>	<u>(14,961)</u>
Effects of exchange rate changes on cash and cash equivalents	(445)	101
Net increase (decrease) in cash, cash equivalents and restricted cash	<u>30,798</u>	<u>(3,831)</u>
Cash, cash equivalents and restricted cash, beginning of period	<u>16,833</u>	<u>30,727</u>
Cash, cash equivalents and restricted cash, end of period	<u>\$ 47,631</u>	<u>\$ 26,896</u>
Supplemental cash flow information:		
Cash paid for interest	\$ 7,867	\$ 8,249
Interest capitalized during the period	\$ 97	\$ 451
Interest, net of amounts capitalized	\$ 7,770	\$ 7,798
Cash paid for income taxes	63	427

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

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

1. BASIS OF PRESENTATION AND ACCOUNTING POLICY

The condensed consolidated financial statements include the accounts of Era Group Inc. and its consolidated subsidiaries. Unless the context otherwise indicates, any reference in this Quarterly Report on Form 10-Q to the “Company” refers to Era Group Inc. and its consolidated subsidiaries, and any reference to “Era Group” refers to Era Group Inc. without its subsidiaries. The condensed consolidated financial information for the three and nine months ended September 30, 2018 and 2017 has been prepared by the Company and has not been audited by its independent registered public accounting firm. In the opinion of management, all adjustments (consisting of normal recurring adjustments) have been made to fairly present the Company’s financial position as of September 30, 2018, its results of operations for the three and nine months ended September 30, 2018 and 2017, its comprehensive income for the three and nine months ended September 30, 2018 and 2017, its changes in equity for the three and nine months ended September 30, 2018, and 2017, and its cash flows for the nine months ended September 30, 2018 and 2017. Results of operations for the interim periods presented are not necessarily indicative of operating results for the full year or any future periods.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles (“GAAP”) in the United States (“U.S.”) have been condensed or omitted. These condensed consolidated financial statements should be read in conjunction with the financial statements and related notes thereto included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2017.

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

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

Reclassification. Certain amounts reported for prior periods in the consolidated financial statements have been reclassified to conform with the current period’s presentation.

Supplemental Cash Flow Information. The following table sets forth the Company’s reconciliation of cash, cash equivalents and restricted cash reported within the Consolidated Statement of Cash Flows (in thousands):

	September 30, 2018	December 31, 2017	September 30, 2017	December 31, 2016
Cash and cash equivalents	\$ 47,631	\$ 13,583	\$ 26,896	\$ 26,950
Restricted cash ⁽¹⁾	—	3,250	—	3,777
Total cash, cash equivalents and restricted cash shown in the Consolidated Statement of Cash Flows	<u>\$ 47,631</u>	<u>\$ 16,833</u>	<u>\$ 26,896</u>	<u>\$ 30,727</u>

(1) Restricted cash represents amounts deposited in escrow accounts at the end of each period. Escrow deposits are shown as a separate line item in the consolidated balance sheet.

Revenue Recognition. The Company recognizes revenues for flight services and emergency response services with the passing of each day as the Company has the right to consideration from its customers in an amount that corresponds directly with the value to the Company’s customer of the performance completed to date. Therefore, the Company has elected to exercise the right to invoice practical expedient in its adoption of ASC 606. The right to invoice represents a method for recognizing revenue over time using the output measure of “value to the customer” which is an objective measure of an entity’s performance in a contract. The Company typically invoices its customers on a monthly basis for revenues earned during the prior month with payment terms of 30 days. The Company’s customer arrangements do not contain any significant financing component for its customers.

Trade Receivables. Customers are primarily international, independent and major integrated exploration, development and production companies, international helicopter operators and the U.S. government. Customers are typically granted credit on a short-term basis, and related credit risks are considered minimal. The Company routinely reviews its trade receivables and makes provisions for probable doubtful accounts; however, those provisions are estimates. Actual results could differ from those estimates, and those differences may be material.

New Accounting Standards - Adopted. The Company adopted the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2014-09, “Revenue from Contracts with Customers,” and its amendments issued by the provisions of ASU No. 2016-08, “Principal versus Agent Considerations (Reporting Revenue Gross versus Net),” ASU No. 2016-10, “Identifying Performance Obligations and Licensing,” ASU No. 2016-12, “Narrow-Scope Improvements and Practical Expedients,” and ASU No. 2016-20, “Technical Corrections and Improvements to Topic 606, Revenue From Contracts with Customers,” collectively Accounting Standards Codification (ASC) Topic 606 beginning January 1, 2018. ASC Topic 606 outlines a single comprehensive model for entities to use in accounting for revenue arising from all contracts with customers except where revenues are in scope of another accounting standard. The ASU superseded the revenue recognition requirements in ASC Topic 605, “Revenue Recognition,” and most industry-specific guidance. ASC Topic 606 sets forth a five-step model for determining when and how revenue is recognized. Under the model, an entity will be required to recognize revenue to depict the transfer of goods or services to a customer at an amount reflecting the consideration it expects to receive in exchange for those goods and services. The adoption of ASC Topic 606 did not have a material impact on the Company’s consolidated financial statements. See Note 10 - Revenues for additional information relating to Revenue from Contracts with Customers.

The Company adopted the provisions of FASB ASU No. 2016-15, “Classification of Certain Cash Receipts and Cash Payments,” beginning January 1, 2018. This ASU clarifies how certain cash receipts and cash payments should be classified and presented in the statement of cash flows. The Company has made an accounting policy election to classify distributions received from equity method investees using the nature of the distribution approach which classifies distributions received from investees as either cash inflows from operating activities or cash inflows from investing activities based on the nature of the activities of the investee that generated the distribution. Adoption of this ASU did not have a material impact on the Company’s historical financial statements.

In October 2016, the FASB issued ASU 2016-16 - *Income Taxes*, which requires entities to recognize income tax consequences of intra-entity transfers of assets, other than inventory, when the transfer occurs rather than when the asset is sold to a third party as is the case under current GAAP. ASU 2016-16 will be effective for annual reporting periods beginning after December 15, 2017 including interim periods within that period. The Company adopted ASU 2016-16 effective January 1, 2018, and such adoption did not have a material impact on its consolidated financial statements.

The Company adopted the provisions of FASB ASU No. 2016-18, “Restricted Cash,” beginning January 1, 2018. This ASU requires amounts deemed restricted cash be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows, and presentation should permit a reconciliation when cash, cash equivalents and restricted cash are presented in more than one line item on the balance sheet. The Company had amounts deposited in escrow accounts as discussed further below in Note 3. These amounts are deemed restricted cash and are included in the “Escrow deposits” line of our consolidated balance sheet. The impact of adopting this ASU has been included as adjustments in the prior period statement of cash flows.

In May 2017, the FASB issued ASU 2017-09 - *Compensation - Stock Compensation: Scope of Modification Accounting*, which is designed to reduce diversity in practice and complexity when accounting for changes in the terms of a share-based payment award. ASU 2017-09 will be effective for annual reporting periods beginning after December 15, 2017, including interim periods within that period, and early adoption is permitted for any interim period for which financial statements have not yet been issued. The Company adopted ASU 2017-09 effective January 1, 2018, and such adoption did not have a material impact on its consolidated financial statements.

New Accounting Standards - Not Yet Adopted. In February 2016, the FASB issued ASU No. 2016-02, “Leases” (ASU No. 2016-02), which establishes comprehensive accounting and financial reporting requirements for leasing arrangements. This ASU supersedes the existing requirements in FASB ASC Topic 840, “Leases,” and requires lessees to recognize substantially all lease assets and lease liabilities on the balance sheet. The provisions of ASU No. 2016-02 also modify the definition of a lease and outline requirements for recognition, measurement, presentation and disclosure of leasing arrangements by both lessees and lessors. The ASU is effective for interim and annual periods beginning after December 15, 2018, and early adoption of the standard is permitted. Entities are required to adopt the ASU using a modified retrospective approach, subject to certain optional practical expedients, and apply the provisions of ASU No. 2016-02 to leasing arrangements existing at or entered into after the earliest comparative period presented in the financial statements. In July 2018 the ASU No. 2016-02 was further amended by the provisions of ASU No. 2018-11, “Targeted Improvements” to Topic 842 whereby the FASB decided to provide an alternate transition method by allowing entities to initially apply the new leases standard at the adoption date (such as January 1, 2019, for calendar year-end public business entities) and recognize a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption consistent with preparers’ requests. The Company currently plans to adopt this standard in the first quarter of 2019 using the current-period adjustment method and will recognize a cumulative-effect adjustment to the opening balance of retained earnings in that period. The Company has identified the relevant lease contracts and the review and evaluation of these is substantially complete. While the Company’s evaluation of ASU 2016-02 is still ongoing, the Company expects the adoption of the ASU will have a material impact on the consolidated balance sheet. The Company will elect an optional practical expedient

to retain its current classification of leases, and as a result, anticipates that the initial impact of adopting this new standard on its consolidated statement of income and consolidated statement of cash flows will not be material.

In June 2016, the FASB issued ASU No. 2016-13, “Measurement of Credit Losses on Financial Instruments” (ASU No. 2016-13), which sets forth the current expected credit loss model, a new forward-looking impairment model for certain financial instruments based on expected losses rather than incurred losses. The ASU is effective for interim and annual periods beginning after December 15, 2019, and early adoption of the standard is permitted. Entities are required to adopt ASU No. 2016-13 using a modified retrospective approach, subject to certain limited exceptions. The Company is currently evaluating the potential impact of the adoption of this ASU on its consolidated financial statements.

In August 2018, the FASB issued ASU-2018-15, “Intangibles-Goodwill and Other-Internal-Use Software” (Subtopic 350-40), providing guidance addressing a customer’s accounting for implementation costs incurred in a cloud computing arrangement (“CCA”) that is considered a service contract. Under the new guidance, implementation costs for a CCA should be evaluated for capitalization using the same approach as implementation costs associated with internal-use software and should be expensed over the term of the hosting arrangement, which includes any reasonably certain renewal periods. The new guidance is effective for fiscal years beginning after December 15, 2019 for calendar year-end public business entities. Early adoption is permitted, including adoption in any interim period. The Company is evaluating the potential impact of the adoption of ASU-2018-15 on its consolidated financial statements.

In August 2018, the FASB issued ASU-2018-13, “Fair Value Measurements” (ASU No.2018-13, update to topic ASC-820), providing guidance for the changes in unrealized gains and losses for the period included in other comprehensive income for recurring Level 3 fair value measurements held at the end of the reporting period, and the range and weighted average of significant unobservable inputs used to develop Level 3 fair value measurements. For certain unobservable inputs, an entity may disclose other quantitative information (such as the median or arithmetic average) in lieu of the weighted average if the entity determines that other quantitative information would be a more reasonable and rational method to reflect the distribution of unobservable inputs used to develop Level 3 fair value measurements. ASU-2018-13 will be effective for interim and annual periods beginning December 15, 2019. The Company has not adopted ASU-2018-13 and believes such adoption will not have a material impact on its consolidated financial statements.

2. FAIR VALUE MEASUREMENTS

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

As of September 30, 2018 and December 31, 2017, the Company did not have any assets or liabilities that are measured at fair value on a recurring basis.

The estimated fair values of the Company’s other financial assets and liabilities as of September 30, 2018 and December 31, 2017 were as follows (in thousands):

	Carrying Amount	Level 1	Level 2	Level 3
September 30, 2018				
LIABILITIES				
Long-term debt, including current portion	\$ 162,634	\$ —	\$ 163,638	\$ —
December 31, 2017				
LIABILITIES				
Long-term debt, including current portion	\$ 204,910	\$ —	\$ 203,938	\$ —

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

3. ESCROW DEPOSITS

Prior to the change in the U.S. tax code at the end of 2017, the Company, periodically, entered into Qualified Exchange Accommodation Agreements with third parties to meet the like-kind exchange requirements of Section 1031 of the Internal Revenue Code 1986, as amended (the “Code”) and the provisions of Revenue Procedure 2000-37. In accordance with these provisions, the Company was permitted to deposit proceeds from the sale of assets into escrow accounts for the purpose of acquiring other assets

and qualifying for the temporary deferral of taxable gains realized. Consequently, the Company established escrow accounts with financial institutions for the deposit of funds received on sales of equipment, which were designated for replacement property within a specified period of time. As of December 31, 2017, the Company had \$3.3 million deposited in a like-kind exchange escrow account. During the nine months ended September 30, 2018, the Company used \$2.8 million of the balance to make a final payment on a S92 heavy helicopter which completed the like-kind exchange transaction, and the remaining \$0.5 million was returned to the Company.

4. ACQUISITIONS AND DISPOSITIONS

Capital Expenditures. During the nine months ended September 30, 2018, capital expenditures were \$7.7 million and consisted primarily of helicopter acquisitions, spare helicopter parts, and leasehold improvements. During the nine months ended September 30, 2018 and 2017, the Company capitalized interest of \$0.1 million and \$0.5 million, respectively. As of September 30, 2018 and December 31, 2017, construction in progress, which is a component of property and equipment, included capitalized interest of \$0.7 million and \$1.9 million, respectively. A summary of changes to the Company's operating helicopter fleet is as follows:

Equipment Additions - During the nine months ended September 30, 2018, the Company placed one S92 heavy helicopter into service. During the nine months ended September 30, 2017, the Company placed two AW189 heavy helicopters and one S92 heavy helicopter into service. The Company places helicopters in service once completion work has been finalized and the helicopters are ready for use.

Equipment Dispositions - During the nine months ended September 30, 2018, the Company sold or otherwise disposed of twenty helicopters, two operating facilities, and related property and equipment for proceeds of \$29.5 million and receivables of \$14.3 million, payable over a two year period, resulting in gains of \$2.3 million.

Included in the proceeds of \$29.5 million was \$1.2 million related to the sales-type leases of five H225 heavy helicopters, for which a \$3.6 million loss was recognized at the lease commencement.

During the nine months ended September 30, 2017, the Company sold or otherwise disposed of property and equipment for proceeds of \$5.7 million and recognized gains of \$5.0 million.

5. VARIABLE INTEREST ENTITIES

Aeróleo. The Company acquired a 50% economic and 20% voting interest in Aeróleo in 2011. As a result of liquidity issues experienced by Aeróleo, it is unable to adequately finance its activities without additional financial support from the Company, making it a VIE. The Company has the ability to direct the activities that most significantly affect Aeróleo's financial performance, making the Company the primary beneficiary. As a result, the Company consolidates Aeróleo's financial results.

The Company's condensed consolidated balance sheets at September 30, 2018 and December 31, 2017 include assets of Aeróleo totaling \$11.4 million and \$11.5 million, respectively. The distribution of these assets to Era Group and its subsidiaries other than Aeróleo is subject to restrictions. The Company's condensed consolidated balance sheets at September 30, 2018 and December 31, 2017 include liabilities of Aeróleo of \$4.9 million and \$7.6 million, respectively. The creditors for such liabilities do not have recourse to Era Group or its subsidiaries other than Aeróleo.

6. INCOME TAXES

During the three months ended September 30, 2018, the Company recorded an income tax expense of \$7.9 million, of which \$3.0 million is current tax expense, resulting in an effective tax rate of 20.3%. During the three months ended September 30, 2017, the Company recorded an income tax benefit of \$45.2 million, resulting in an effective tax rate of 35.7%.

During the nine months ended September 30, 2018, the Company recorded an income tax expense of \$4.5 million, resulting in an effective tax rate of 20.3%. During the nine months ended September 30, 2017, the Company recorded an income tax benefit of \$48.1 million, resulting in an effective tax rate of 34.5%.

During the nine months ended September 30, 2018, and 2017, there were no new uncertain tax positions identified. The Company's 2015 federal income tax return is currently under examination by the Internal Revenue Service.

Amounts accrued for interest and penalties associated with unrecognized income tax benefits are included in other expense on the condensed consolidated statements of operations. As of September 30, 2018 and December 31, 2017, the gross amount of liability for accrued interest and penalties related to unrecognized tax benefits was \$0.1 million.

As of September 30, 2018, the Company considers the accounting for the transition tax and other items to remain incomplete due to the forthcoming guidance and its ongoing analysis of its tax positions. As of September 30, 2018, the Company has not elected an accounting policy for the newly enacted global intangible low-taxed income ("GILTI"). Recent FASB guidance

indicates that accounting for GILTI either as part of deferred taxes or as a period cost are both applicable methods. Once further information is gathered and interpretation and analysis of the tax legislation evolves, the Company will make an appropriate accounting election. The Company expects to complete its analysis within the measurement period in accordance with SAB 118.

7. LONG-TERM DEBT

The Company's borrowings as of September 30, 2018 and December 31, 2017 were as follows (in thousands):

	September 30, 2018	December 31, 2017
7.750% Senior Notes (excluding unamortized discount)	\$ 144,828	\$ 144,828
Senior secured revolving credit facility	—	39,000
Promissory notes	20,395	21,642
Other	495	2,976
Total principal balance on borrowings	165,718	208,446
Portion due within one year	(2,158)	(2,736)
Unamortized debt issuance costs	(1,803)	(2,067)
Unamortized discount, net	(1,281)	(1,469)
Long-term debt	\$ 160,476	\$ 202,174

7.750% Senior Notes. On December 7, 2012, Era Group issued \$200.0 million aggregate principal amount of its 7.750% senior unsecured notes due December 15, 2022 (the "7.750% Senior Notes") and received net proceeds of \$191.9 million. Interest on the 7.750% Senior Notes is payable semi-annually in arrears on June 15th and December 15th of each year.

Revolving Credit Facility. On March 31, 2014, Era Group entered into the amended and restated senior secured revolving credit facility (the "Amended and Restated 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 (the "Amendment No. 4" and the Amended and Restated Revolving Credit Facility, as amended by Amendment No. 4, is referred to herein as the "Revolving Credit Facility") 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 certain litigation expenses related to the H225 helicopters, and (d) adjusted the maintenance covenant requirements to maintain an interest coverage ratio of not less than 1.75:1.00 and a senior secured leverage ratio of not more than 3.25:1.00.

The Revolving Credit Facility provides Era Group with the ability to borrow up to \$125.0 million, with a sub-limit of up to \$50.0 million for letters of credit, and matures in March 2021. Subject to the satisfaction of certain conditions precedent and the agreement by the lenders, the Revolving Credit Facility includes an "accordion" feature which, if exercised, will increase total commitments by up to \$50.0 million.

Borrowings under the Revolving Credit Facility bear interest at a rate per annum equal to, at Era Group's election, either a base rate or LIBOR, each as defined in the Revolving Credit Facility, plus an applicable margin. The applicable margin is based on the Company's ratio of funded debt to EBITDA, as defined in the Revolving Credit Facility, and ranges from 1.25% to 2.50% on the base rate margin and 2.25% to 3.50% on the LIBOR margin and has increased by 50 basis points at each tier from the previous amendment. The applicable margin as of September 30, 2018 was 1.50% on the base rate margin and 2.50% on the LIBOR margin. In addition, the Company is required to pay a quarterly commitment fee based on the unfunded portion of the committed amount at a rate based on the Company's ratio of funded debt to EBITDA, as defined in the Revolving Credit Facility, that ranges from 0.375% to 0.500%. As of September 30, 2018, the commitment fee was 0.375%.

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

As of September 30, 2018, Era Group had no outstanding borrowings under the Revolving Credit Facility and issued letters of credit of \$1.1 million. In connection with Amendment No. 4 entered into in 2018, the Company wrote off previously incurred debt issuance costs of \$0.4 million and incurred additional debt issuance costs of \$1.3 million. Such costs are included

in other assets on the condensed consolidated balance sheets and are amortized to interest expense in the condensed consolidated statements of operations over the life of the Revolving Credit Facility.

Aeróleo Debt. During the nine months ended September 30, 2018, the Company did not enter into any new debt arrangements in Brazil. During the nine months ended September 30, 2017, the Company settled certain tax disputes for installment payments in Brazil totaling \$0.2 million. Such amounts are included in other debt in the table above and bear interest at a rate equal to the overnight rate as published by the Central Bank of Brazil.

During 2017, the Company settled certain tax disputes in Brazil under the Tax Regularization Settlement Special Program (known as Programa Especial de Regularização Tributária or “PERT”) and has 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 and will be paid over the next ten months as of September 30, 2018. Such amounts are included in other debt in the table above. During the nine months ended September 30, 2018, the Company made payments, including scheduled payments, of \$2.3 million.

Promissory Notes. During the nine months ended September 30, 2018 and 2017, the Company made scheduled payments on other long-term debt of \$1.2 million and \$1.2 million, respectively. During the nine months ended September 30, 2018, the Company amended the promissory notes to remove one helicopter and add two helicopters for a total of three helicopters providing cross-collateralization such that each helicopter now secures both promissory notes.

8. COMMITMENTS AND CONTINGENCIES

Fleet. During the nine months ended September 30, 2018, the Company canceled two helicopter purchase agreements and recognized \$0.5 million of penalties on cancellation.

The Company’s unfunded capital commitments as of September 30, 2018 consisted primarily of agreements to purchase helicopters and totaled \$82.3 million, which is payable beginning in 2019 and through 2020. The Company also had \$1.3 million of deposits paid on options not yet exercised. All of the Company’s capital commitments (inclusive of deposits paid on options not yet exercised) may be terminated without further liability other than aggregate liquidated damages of \$2.1 million.

Included in these commitments are orders to purchase three AW189 heavy helicopters and five AW169 light twin helicopters. The AW189 helicopters are scheduled to be delivered in 2019 and 2020. Delivery dates for the AW169 helicopters have yet to be determined. In addition, the Company had outstanding options to purchase up to ten additional AW189 helicopters. If these options are exercised, the helicopters would be scheduled for delivery in 2020 and 2021.

Brazilian Tax Disputes. The Company is disputing assessments of approximately \$9.6 million in taxes, penalties and interest levied by the municipal authorities of Rio de Janeiro (for the period between 2000 to 2005), Macaé (for the period between 2001 to 2006), and Cabo Frio (for the period 2012) (collectively, the “Municipal Assessments”). The Company believes that, based on its interpretation of tax legislation supported by clarifying guidance provided by the Supreme Court of Brazil with respect to the issue in a 2006 ruling, it is in compliance with all applicable tax legislation, has paid all applicable taxes, penalties and interest and plans to defend these claims vigorously at the administrative levels in each jurisdiction. In the event the Municipal Assessments are upheld at the last administrative level, it may be necessary for the Company to deposit the amounts at issue as security to pursue further appeals. At September 30, 2018, it is not possible to determine the outcome of the Municipal Assessments, but the Company does not expect that the outcome would have a material adverse effect on its business, financial position or results of operations. In addition, it is not possible to reasonably estimate the likelihood or potential amount of assessments that may be issued for any subsequent periods.

The Company is disputing responsibility for \$2.5 million of employer social security contributions required to have been remitted by one of its customers relating to the period from 1995 to 1998. Although the Company may be deemed co-responsible for such remittances under the local regulatory regime, the customer’s payments to the Company against presented invoices were made net of the specific remittances required to have been made by the customer and at issue in the claim. As such, the Company plans to defend this claim vigorously. At September 30, 2018, it is not possible to determine the outcome of this matter, but the Company does not expect that the outcome would have a material adverse effect on its business, financial position or results of operations.

The Company is disputing certain penalties that are being assessed by the State of Rio de Janeiro in respect of the Company’s alleged failure to submit accurate documentation and to fully comply with filing requirements with respect to certain value-added taxes. The Company elected to make payments 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 \$0.5 million. At September 30, 2018, it is not possible to determine the outcome of this matter, but the Company does not expect that the outcome would have a material adverse effect on its business, financial position or results of operations.

The Company is disputing the imposition of \$0.2 million in fines levied by the Brazilian customs authorities. These fines relate to the Company's alleged failure to comply with certain deadlines under the temporary regime pursuant to which it imports helicopters into Brazil. In order to dispute such fines and pursue its legal remedies within the judicial system, the Company 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. The Company believes its documentation evidences its timely compliance with the relevant deadlines. As such, the Company plans to defend these claims vigorously. At September 30, 2018, it is not possible to determine the outcome of these matters, but the Company does not expect that the outcome would have a material adverse effect on its business, financial position or results of operations.

The Company is disputing fines of \$0.3 million sought by taxing authorities in Brazil following the final adjudication to disallow certain tax credits applied by the Company 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, the Company plans to defend this claim vigorously. At September 30, 2018, it is not possible to determine the outcome, but the Company does not expect that it would have a material adverse impact on its business, financial position or results of operations.

The Company is disputing contingent fees of \$0.5 million sought by its former tax consultant that have been calculated based on unrealized tax savings attributed to the consultant's suggested tax strategies. The Company contends that fees are due only upon realized tax savings. At September 30, 2018, it is not possible to determine the outcome of these matters, but the Company does not expect that the outcome would have a material adverse effect on its business, financial position or results of operations.

In the normal course of business, the Company may become involved in various employment-related litigation matters. At September 30, 2018, it is not possible to determine the outcome of several of these claims wherein an aggregate amount equal to the Company's established accrual is being sought. The Company does not expect that the outcome with respect to such claims would have a material adverse effect on its business, financial position or results of operations.

The Company is also disputing claims from the Brazilian tax authorities with respect to federal customs taxes levied upon the helicopters leased by the Company and imported into Brazil under a temporary regime and subject to reexport. In order to dispute such assessments and pursue its available legal remedies within the judicial system, the Company deposited the amounts at issue as security into an escrow account that serves as security and with the presiding judge in the matters controlling the release of such funds. The Company believes that, based on its interpretation of tax legislation and well established aviation industry practice, it is not required to pay such taxes and plans to defend these claims vigorously. At September 30, 2018, it is not possible to determine the outcome of this matter, but the Company does not expect that the outcome would have a material adverse effect on its business, financial position or results of operations.

As it relates to the specific cases referred to above, the Company currently anticipates that any administrative fine or penalty ultimately would not have a material effect on its business, financial position or results of operations. The Company has deposited \$6.7 million into escrow accounts controlled by the court with respect to certain of the cases described above and has fully reserved such amounts subject to final determination and the judicial release of such escrow deposits. These estimated liabilities are based on the Company's assessment of the nature of these matters, their progress toward resolution, the advice of legal counsel and outside experts as well as management's intentions and experience.

Other. On November 21, 2016, the Company filed a lawsuit in the District Court of Dallas County, Texas against Airbus Helicopters, Inc. and Airbus Helicopters S.A.S. (collectively, "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 the Company. On October 26, 2017, the Company added claims against Airbus for fraud and negligent misrepresentation, and on December 28, 2017, the Company amended its complaint to seek damages attributable to the impact of Airbus' unlawful acts on the value of a H225 that the Company purchased from another helicopter operator.

On July 3, 2018, the Company entered into a litigation settlement agreement (the "Settlement Agreement") with Airbus to settle all claims made by the Company against Airbus related to Airbus' marketing and sale, and the Company's purchase, of eleven H225 model helicopters. Pursuant to the Settlement Agreement, Airbus has agreed to pay the Company \$42.0 million in cash and provide it with certain trade account credits that the Company may use for up to five years. The Company has agreed to release Airbus from any and all liabilities, claims, counterclaims, demands, complaints, costs, losses and expenses relating to the action and to dismiss the action with prejudice without any party admitting fault.

From time to time, the Company is involved in various legal actions incidental to its business, including actions relating to employee claims, actions relating to medical malpractice claims, various tax issues, grievance hearings before labor regulatory agencies, and miscellaneous third party tort actions. The outcome of these proceedings is not predictable. However, based on current circumstances, the Company does not believe that the ultimate resolution of these proceedings, after considering available

defenses and any insurance coverage or indemnification rights, will have a material adverse effect on its financial position, results of operations or cash flows.

9. EARNINGS (LOSS) PER COMMON SHARE

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

Computations of basic and diluted earnings per common share of the Company for the three and nine months ended September 30, 2018 and 2017 were as follows (in thousands, except share and per share data):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Net income (loss) attributable to Era Group Inc.	\$ 31,289	\$ (81,448)	\$ 19,716	\$ (89,855)
Less: Net income attributable to participating securities	714	—	425	—
Net income (loss) attributable to fully vested common stock	\$ 30,575	\$ (81,448)	\$ 19,291	\$ (89,855)
Weighted average common shares outstanding:				
Basic	21,215,576	20,844,376	21,139,212	20,715,686
Diluted ⁽¹⁾	21,239,189	20,844,376	21,156,466	20,715,686
Income (loss) per common share:				
Basic	\$ 1.44	\$ (3.91)	\$ 0.91	\$ (4.34)
Diluted	\$ 1.44	\$ (3.91)	\$ 0.91	\$ (4.34)

(1) Excludes weighted average common shares of 224,769 and 275,824 for the three months ended September 30, 2018 and 2017, respectively, and 223,921 and 278,740 for the nine months ended September 30, 2018 and 2017, respectively, for certain share awards as the effect of their inclusion would have been antidilutive.

10. REVENUES

The Company derives its revenues primarily from oil and gas flight services, emergency response services and leasing activities. Revenue is recognized when control of the promised goods or services is transferred to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The following table presents the Company’s operating revenues disaggregated by geographical region in which services are provided:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Operating revenues:				
United States	\$ 38,229	\$ 41,989	\$ 117,673	\$ 112,862
Foreign	13,665	16,764	43,443	48,215
Total operating revenues	\$ 51,894	\$ 58,753	\$ 161,116	\$ 161,077

The following table presents the Company’s revenues earned by service line:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Revenues:				
Oil and gas flight services:				
U.S.	\$ 35,473	\$ 36,567	\$ 109,778	\$ 98,914
International	13,665	16,764	43,443	48,215
Total oil and gas	49,138	53,331	153,221	147,129
Emergency response services	2,756	2,487	7,895	8,877
Flightseeing	—	2,935	—	5,071
Total operating revenues	\$ 51,894	\$ 58,753	\$ 161,116	\$ 161,077
Dry-leasing revenues:				
U.S.	1,142	486	2,984	1,015
International	1,574	2,146	5,560	11,698
Total revenues	\$ 54,610	\$ 61,385	\$ 169,660	\$ 173,790

The Company determines revenue recognition by applying the following steps:

1. Identify the contract with a customer;
2. Identify the performance obligations in the contract;
3. Determine the transaction price;
4. Allocate the transaction price to the performance obligations; and
5. Recognize revenue as the performance obligations are satisfied.

The Company earns the majority of its revenue through master service agreements or subscription agreements, which typically include a fixed monthly or daily fee, incremental fees based on hours flown and fees for ancillary items such as fuel, security, charter services, etc. The Company’s arrangements to serve its customers represent a promise to stand-ready to provide services at the customer’s discretion.

The Company recognizes revenue for flight services and emergency response services with the passing of each day as the Company has the right to consideration from its customers in an amount that corresponds directly with the value to the customer of performance completed to date. Therefore, the Company has elected to exercise the right to invoice practical expedient in its adoption of ASC 606. The right to invoice represents a method for recognizing revenue over time using the output measure of “value to the customer” which is an objective measure of an entity’s performance in a contract. The Company typically invoices customers on a monthly basis for revenues earned during the prior month, with payment terms of 30 days. The Company’s customer arrangements do not contain any significant financing component for customers. Amounts for taxes collected from customers and remitted to governmental authorities are reported on a net basis.

Practical Expedients and Exemptions

The Company does not incur any material incremental costs to obtain or fulfill customer contracts that require capitalization under the new revenue standard and has elected the practical expedient afforded by the new revenue standard to expense such costs as incurred upon adoption. These costs are included as operating expenses in the consolidated statements of operations.

The Company does not disclose the value of unsatisfied performance obligations for (i) contracts with an original expected length of one year or less and (ii) contracts for which it recognizes revenue at the amount to which it has the right to invoice for services performed.

11. RELATED PARTY TRANSACTIONS

The Company leases office space from SEACOR Holdings Inc. (“SEACOR”) whose CEO is Chairman of the Company’s board of directors. During each of the three months ended September 30, 2018 and 2017, the Company incurred \$0.1 million in rent and utilities, and during each of the nine months ended September 30, 2018 and 2017, the Company incurred \$0.3 million in rent and utilities. Such costs are included in administrative and general expense in the condensed consolidated statements of operations.

The Company purchased products and services from its Dart Holding Company Ltd. (“Dart”) joint venture totaling \$0.4 million and \$0.1 million during the three months ended September 30, 2018 and 2017, respectively. The Company purchased products from Dart totaling \$1.7 million and \$0.4 million during the nine months ended September 30, 2018 and 2017, respectively. The Company also has a note receivable from Dart which had balances of \$2.4 million and \$2.9 million as of September 30, 2018 and December 31, 2017, respectively. Purchases from Dart are included in operating expenses on the consolidated statements of income, and the note receivable is included in equity investments and advances on the consolidated balance sheets.

During the three months ended September 30, 2018, the Company received dividends of \$1.0 million from Dart.

During the three months ended September 30, 2018 and 2017, the Company incurred fees of less than \$0.1 million and \$0.1 million, respectively, for simulator services from its Era Training Center, LLC (“ETC”) joint venture, and during each of the three months ended September 30, 2018 and 2017, the Company provided helicopter, management and other services to ETC of less than \$0.1 million. During the nine months ended September 30, 2018 and 2017, the Company incurred fees of \$0.2 million and \$0.5 million, respectively, for simulator services from ETC, and during each of the nine months ended September 30, 2018 and 2017 the Company provided helicopter, management and other services to ETC of \$0.1 million and \$0.2 million, respectively. Revenues from ETC are recorded in operating revenues, and expenses incurred are recorded in operating expenses on the consolidated statements of operations.

During the three months ended September 30, 2018, the Company entered into an agreement to dissolve ETC in exchange for the settlement of an existing promissory note with an outstanding principal amount of \$3.6 million by acquiring the assets of the joint venture. The agreement included the sale of three simulators to the Company for \$2.9 million, partial ownership in a fourth simulator for \$0.4 million and a note receivable from the Company’s partner in ETC for \$0.4 million.

12. SHARE-BASED COMPENSATION

Restricted Stock Awards. The number of shares and weighted average grant price of restricted stock awards during the nine months ended September 30, 2018 were as follows:

	Number of Shares	Weighted Average Grant Price
Non-vested as of December 31, 2017	382,873	\$ 12.68
Restricted stock awards granted:		
Non-employee directors	37,272	\$ 9.00
Employees	291,599	\$ 9.00
Vested	(201,059)	\$ 14.05
Forfeited	(500)	\$ 9.66
Non-vested as of September 30, 2018	510,185	\$ 9.77

The total fair value of shares vested during the nine months ended September 30, 2018 and 2017, determined using the closing price on the grant date, was \$2.8 million and \$4.7 million, respectively.

Stock Options. The Company did not grant any stock options during the nine months ended September 30, 2018.

Employee Stock Purchase Plan (“ESPP”). During the nine months ended September 30, 2018, the Company issued 114,385 shares under the ESPP. As of September 30, 2018, 222,378 shares remain available for issuance under the ESPP.

Total share-based compensation expense, which includes stock options, restricted stock and the ESPP, was \$2.2 million and \$3.6 million for the nine months ended September 30, 2018 and 2017, respectively.

13. GUARANTORS OF SECURITIES

On December 7, 2012, Era Group issued the 7.750% Senior Notes. Era Group’s payment obligations under the 7.750% Senior Notes are jointly and severally guaranteed by all of its existing 100% owned U.S. subsidiaries that guarantee the Revolving Credit Facility and any future U.S. subsidiaries that guarantee the Revolving Credit Facility or other material indebtedness Era

Group may incur in the future (the “Guarantors”). All Guarantors currently guarantee the Revolving Credit Facility, and the guarantees of the Guarantors are full and unconditional and joint and several.

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

Supplemental Condensed Consolidating Balance Sheet as of September 30, 2018

	Parent	Guarantors	Non-guarantors	Eliminations	Consolidated
(in thousands, except share data)					
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 46,351	\$ —	\$ 1,280	\$ —	\$ 47,631
Receivables:					
Trade, operating, net of allowance for doubtful accounts of \$854	—	29,135	6,520	—	35,655
Trade, dry-leasing	—	3,833	—	—	3,833
Tax receivable	—	—	3,117	—	3,117
Other	—	2,154	547	—	2,701
Inventories, net	—	20,124	33	—	20,157
Prepaid expenses	501	1,560	306	—	2,367
Total current assets	<u>46,852</u>	<u>56,806</u>	<u>11,803</u>	<u>—</u>	<u>115,461</u>
Property and equipment	—	910,730	16,747	—	927,477
Accumulated depreciation	—	(311,342)	(3,394)	—	(314,736)
Property and equipment, net	—	599,388	13,353	—	612,741
Equity investments and advances	—	26,600	—	—	26,600
Investments in consolidated subsidiaries	165,005	—	—	(165,005)	—
Intangible assets	—	—	1,111	—	1,111
Deferred income taxes	21,185	—	—	(21,185)	—
Intercompany receivables	375,131	—	—	(375,131)	—
Other assets	1,398	16,939	84	—	18,421
Total assets	<u>\$ 609,571</u>	<u>\$ 699,733</u>	<u>\$ 26,351</u>	<u>\$ (561,321)</u>	<u>\$ 774,334</u>
LIABILITIES, REDEEMABLE NONCONTROLLING INTEREST AND STOCKHOLDERS' EQUITY					
Current liabilities:					
Accounts payable and accrued expenses	\$ 130	\$ 8,606	\$ 1,702	\$ —	\$ 10,438
Accrued wages and benefits	—	7,008	1,597	—	8,605
Accrued interest	3,337	67	—	—	3,404
Accrued income taxes	2,970	—	23	—	2,993
Accrued other taxes	244	1,791	361	—	2,396
Accrued contingencies	—	—	1,014	—	1,014
Current portion of long-term debt	—	1,663	495	—	2,158
Other current liabilities	817	199	17	—	1,033
Total current liabilities	<u>7,498</u>	<u>19,334</u>	<u>5,209</u>	<u>—</u>	<u>32,041</u>
Long-term debt	133,743	26,733	—	—	160,476
Deferred income taxes	—	128,073	1,250	(21,185)	108,138
Intercompany payables	—	322,117	53,047	(375,164)	—
Other liabilities	—	1,753	—	—	1,753
Total liabilities	<u>141,241</u>	<u>498,010</u>	<u>59,506</u>	<u>(396,349)</u>	<u>302,408</u>
Redeemable noncontrolling interest	—	3	3,453	—	3,456
Equity:					
Common stock, \$0.01 par value, 60,000,000 shares authorized; 21,761,823 outstanding, exclusive of treasury shares	219	—	—	—	219
Additional paid-in capital	447,014	100,305	4,562	(104,868)	447,013
Retained earnings	24,048	101,305	(41,170)	(60,104)	24,079
Treasury shares, at cost, 215,141 shares	(2,951)	—	—	—	(2,951)
Accumulated other comprehensive income, net of tax	—	110	—	—	110
Total equity	<u>468,330</u>	<u>201,720</u>	<u>(36,608)</u>	<u>(164,972)</u>	<u>468,470</u>
Total liabilities, redeemable noncontrolling interest and stockholders' equity	<u>\$ 609,571</u>	<u>\$ 699,733</u>	<u>\$ 26,351</u>	<u>\$ (561,321)</u>	<u>\$ 774,334</u>

Supplemental Condensed Consolidating Balance Sheet as of December 31, 2017

	Parent	Guarantors	Non-guarantors	Eliminations	Consolidated
(in thousands, except share data)					
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 10,800	\$ —	\$ 2,783	\$ —	\$ 13,583
Receivables:					
Trade, operating, net of allowance for doubtful accounts of \$1,196	—	27,968	5,872	—	33,840
Trade, dry-leasing	—	5,124	—	—	5,124
Tax receivables	—	—	2,829	—	2,829
Other	—	1,126	497	—	1,623
Inventories, net	—	20,746	366	—	21,112
Prepaid expenses	349	721	133	—	1,203
Escrow deposits	—	3,250	—	—	3,250
Total current assets	11,149	58,935	12,480	—	82,564
Property and equipment					
Accumulated depreciation	—	(296,573)	(2,455)	—	(299,028)
Net property and equipment	—	660,345	13,569	—	673,914
Equity investments and advances					
Investments in consolidated subsidiaries	161,350	—	—	(161,350)	—
Intangible assets					
Deferred income taxes	19,600	—	—	(19,600)	—
Intercompany receivables	426,806	—	—	(426,806)	—
Other assets	1,011	3,370	60	—	4,441
Total assets	\$ 619,916	\$ 752,706	\$ 27,231	\$ (607,756)	\$ 792,097
LIABILITIES, REDEEMABLE NONCONTROLLING INTEREST AND STOCKHOLDERS' EQUITY					
Current liabilities:					
Accounts payable and accrued expenses	\$ 638	\$ 13,655	\$ 2,128	\$ —	\$ 16,421
Accrued wages and benefits	—	6,804	1,460	—	8,264
Accrued interest	549	57	—	—	606
Accrued income taxes	—	24	4	—	28
Accrued other taxes	18	1,192	600	—	1,810
Accrued contingencies	—	—	859	—	859
Current portion of long-term debt	—	1,663	1,073	—	2,736
Other current liabilities	848	835	37	—	1,720
Total current liabilities	2,053	24,230	6,161	—	32,444
Long-term debt					
Deferred income taxes	—	124,948	1,250	(19,600)	106,598
Intercompany payables	—	381,660	45,146	(426,806)	—
Other liabilities	—	1,435	(1)	—	1,434
Total liabilities	174,345	560,252	54,459	(446,406)	342,650
Redeemable noncontrolling interest					
	—	4	3,762	—	3,766
Equity:					
Common stock, \$0.01 par value, 60,000,000 shares authorized; 21,319,150 shares outstanding, exclusive of treasury shares	215	—	—	—	215
Additional paid-in capital	443,944	100,306	4,562	(104,868)	443,944
Retained earnings	4,363	92,034	(35,552)	(56,482)	4,363
Treasury shares, at cost, 215,141 shares	(2,951)	—	—	—	(2,951)
Accumulated other comprehensive income, net of tax	—	110	—	—	110
Total equity	445,571	192,450	(30,990)	(161,350)	445,681
Total liabilities, redeemable noncontrolling interest and stockholders' equity	\$ 619,916	\$ 752,706	\$ 27,231	\$ (607,756)	\$ 792,097

Supplemental Condensed Consolidating Statements of Operations for the Three Months Ended September 30, 2018

	Parent	Guarantors	Non-guarantors	Eliminations	Consolidated
	(in thousands)				
Revenues	\$ —	\$ 48,631	\$ 13,623	\$ (7,644)	\$ 54,610
Costs and expenses:					
Operating	—	29,888	14,302	(7,677)	36,513
Administrative and general	901	6,957	979	—	8,837
Depreciation	—	9,316	225	—	9,541
Total costs and expenses	901	46,161	15,506	(7,677)	54,891
Losses on asset dispositions, net	—	(148)	—	—	(148)
Litigation settlement proceeds	42,000	—	—	—	42,000
Operating income (loss)	41,099	2,322	(1,883)	33	41,571
Other income (expense):					
Interest income	171	448	113	—	732
Interest expense	(3,330)	(204)	(15)	—	(3,549)
Foreign currency losses, net	(10)	(16)	(68)	—	(94)
Other, net	—	21	(6)	—	15
Total other income (expense)	(3,169)	249	24	—	(2,896)
Income (loss) before income taxes and equity earnings	37,930	2,571	(1,859)	33	38,675
Income tax expense	3,928	3,933	—	—	7,861
Income (loss) before equity earnings	34,002	(1,362)	(1,859)	33	30,814
Equity in earnings (losses) of subsidiaries	(2,747)	465	—	2,747	465
Net income (loss)	31,255	(897)	(1,859)	2,780	31,279
Net loss attributable to noncontrolling interest in subsidiary	—	—	10	—	10
Net income (loss) attributable to Era Group Inc.	\$ 31,255	\$ (897)	\$ (1,849)	\$ 2,780	\$ 31,289

Supplemental Condensed Consolidating Statements of Operations for the Three Months Ended September 30, 2017

	Parent	Guarantors	Non-guarantors	Eliminations	Consolidated
	(in thousands)				
Revenues	\$ —	\$ 51,919	\$ 16,729	\$ (7,263)	\$ 61,385
Costs and expenses:					
Operating	—	35,826	15,424	(7,263)	43,987
Administrative and general	2,305	7,306	1,317	—	10,928
Depreciation	—	11,851	252	—	12,103
Total costs and expenses	2,305	54,983	16,993	(7,263)	67,018
Gains on asset dispositions, net	—	(122)	—	—	(122)
Loss on impairment	—	(116,586)	(432)	—	(117,018)
Operating income (loss)	(2,305)	(119,772)	(696)	—	(122,773)
Other income (expense):					
Interest income	47	102	57	—	206
Interest expense	(3,838)	(170)	(89)	—	(4,097)
Foreign currency gains (losses), net	66	85	(139)	—	12
Other, net	—	(1)	(32)	—	(33)
Total other income (expense)	(3,725)	16	(203)	—	(3,912)
Income (loss) before income taxes and equity earnings	(6,030)	(119,756)	(899)	—	(126,685)
Income tax expense (benefit)	(2,114)	(43,276)	153	—	(45,237)
Income (loss) before equity earnings	(3,916)	(76,480)	(1,052)	—	(81,448)
Equity earnings, net of tax	—	233	—	—	233
Equity in earnings (losses) of subsidiaries	(77,532)	—	—	77,532	—
Net income (loss)	(81,448)	(76,247)	(1,052)	77,532	(81,215)
Net loss attributable to noncontrolling interest in subsidiary	—	—	(233)	—	(233)
Net income (loss) attributable to Era Group Inc.	\$ (81,448)	\$ (76,247)	\$ (1,285)	\$ 77,532	\$ (81,448)

Supplemental Condensed Consolidating Statements of Operations for the Nine Months Ended September 30, 2018

	Parent	Guarantors	Non-guarantors	Eliminations	Consolidated
	(in thousands)				
Revenues	\$ —	\$ 148,512	\$ 42,252	\$ (21,104)	\$ 169,660
Costs and expenses:					
Operating	—	92,317	43,325	(21,137)	114,505
Administrative and general	14,087	18,182	3,445	—	35,714
Depreciation	—	29,283	728	—	30,011
Total costs and expenses	14,087	139,782	47,498	(21,137)	180,230
Gains on asset dispositions, net	—	2,269	—	—	2,269
Litigation settlement proceeds	42,000	—	—	—	42,000
Operating income (loss)	27,913	10,999	(5,246)	33	33,699
Other income (expense):					
Interest income	180	878	166	—	1,224
Interest expense	(10,925)	(595)	(126)	—	(11,646)
Foreign currency losses, net	(66)	(141)	(888)	—	(1,095)
Gain on debt extinguishment	—	—	175	—	175
Other, net	—	31	(10)	—	21
Total other income (expense)	(10,811)	173	(683)	—	(11,321)
Income (loss) before income taxes and equity earnings	17,102	11,172	(5,929)	33	22,378
Income tax expense	1,075	3,474	—	—	4,549
Income (loss) before equity earnings	16,027	7,698	(5,929)	33	17,829
Equity in earnings (losses) of subsidiaries	3,655	1,577	—	(3,655)	1,577
Net income (loss)	19,682	9,275	(5,929)	(3,622)	19,406
Net loss attributable to noncontrolling interest in subsidiary	—	—	310	—	310
Net income (loss) attributable to Era Group Inc.	\$ 19,682	\$ 9,275	\$ (5,619)	\$ (3,622)	\$ 19,716

Supplemental Condensed Consolidating Statements of Operations for the Nine Months Ended September 30, 2017

	Parent	Guarantors	Non-guarantors	Eliminations	Consolidated
	(in thousands)				
Revenues	\$ —	\$ 151,550	\$ 46,132	\$ (23,892)	\$ 173,790
Costs and expenses:					
Operating	—	98,117	48,854	(23,892)	123,079
Administrative and general	5,280	21,648	4,283	—	31,211
Depreciation	—	34,898	737	—	35,635
Total costs and expenses	5,280	154,663	53,874	(23,892)	189,925
Gains on asset dispositions, net	—	5,048	—	—	5,048
Loss on impairment	—	(116,586)	(432)	—	(117,018)
Operating income (loss)	(5,280)	(114,651)	(8,174)	—	(128,105)
Other income (expense):					
Interest income	96	320	225	—	641
Interest expense	(10,800)	(627)	(193)	—	(11,620)
Foreign currency gains (losses), net	220	253	(569)	—	(96)
Other, net	—	—	(29)	—	(29)
Total other income (expense)	(10,484)	(54)	(566)	—	(11,104)
Income (loss) before income taxes and equity earnings	(15,764)	(114,705)	(8,740)	—	(139,209)
Income tax expense (benefit)	(5,297)	(43,282)	513	—	(48,066)
Income (loss) before equity earnings	(10,467)	(71,423)	(9,253)	—	(91,143)
Equity earnings, net of tax	—	1,069	—	—	1,069
Equity in earnings (losses) of subsidiaries	(79,388)	—	—	79,388	—
Net income (loss)	(89,855)	(70,354)	(9,253)	79,388	(90,074)
Net loss attributable to noncontrolling interest in subsidiary	—	—	219	—	219
Net income (loss) attributable to Era Group Inc.	\$ (89,855)	\$ (70,354)	\$ (9,034)	\$ 79,388	\$ (89,855)

Supplemental Condensed Consolidating Statements of Comprehensive Income for the Three Months Ended September 30, 2018

	Parent	Guarantors	Non-guarantors	Eliminations	Consolidated
	(in thousands)				
Net income (loss)	\$ 31,255	\$ (897)	\$ (1,859)	\$ 2,780	\$ 31,279
Comprehensive income (loss)	31,255	(897)	(1,859)	2,780	31,279
Comprehensive income attributable to noncontrolling interest in subsidiary	—	—	10	—	10
Comprehensive income (loss) attributable to Era Group Inc.	\$ 31,255	\$ (897)	\$ (1,849)	\$ 2,780	\$ 31,289

Supplemental Condensed Consolidating Statements of Comprehensive Income for the Three Months Ended September 30, 2017

	Parent	Guarantors	Non-guarantors	Eliminations	Consolidated
	(in thousands)				
Net income (loss)	\$ (81,448)	\$ (76,247)	\$ (1,052)	\$ 77,532	\$ (81,215)
Comprehensive income (loss)	(81,448)	(76,247)	(1,052)	77,532	(81,215)
Comprehensive loss attributable to noncontrolling interest in subsidiary	—	—	(233)	—	(233)
Comprehensive income (loss) attributable to Era Group Inc.	\$ (81,448)	\$ (76,247)	\$ (1,285)	\$ 77,532	\$ (81,448)

Supplemental Condensed Consolidating Statements of Comprehensive Income for the Nine Months Ended September 30, 2018

	Parent	Guarantors	Non-guarantors	Eliminations	Consolidated
	(in thousands)				
Net income (loss)	\$ 19,682	\$ 9,275	\$ (5,929)	\$ (3,622)	\$ 19,406
Other comprehensive loss:					
Foreign currency translation adjustments	—	(5)	—	—	(5)
Total other comprehensive loss	—	(5)	—	—	(5)
Comprehensive income (loss)	19,682	9,270	(5,929)	(3,622)	19,401
Comprehensive loss attributable to noncontrolling interest in subsidiary	—	—	310	—	310
Comprehensive income (loss) attributable to Era Group Inc.	<u>\$ 19,682</u>	<u>\$ 9,270</u>	<u>\$ (5,619)</u>	<u>\$ (3,622)</u>	<u>\$ 19,711</u>

Supplemental Condensed Consolidating Statements of Comprehensive Income for the Nine Months Ended September 30, 2017

	Parent	Guarantors	Non-guarantors	Eliminations	Consolidated
	(in thousands)				
Net income (loss)	\$ (89,855)	\$ (70,354)	\$ (9,253)	\$ 79,388	\$ (90,074)
Other comprehensive loss:					
Foreign currency translation adjustments	—	(2)	—	—	(2)
Total other comprehensive loss	—	(2)	—	—	(2)
Comprehensive income (loss)	(89,855)	(70,356)	(9,253)	79,388	(90,076)
Comprehensive loss attributable to noncontrolling interest in subsidiary	—	—	219	—	219
Comprehensive income (loss) attributable to Era Group Inc.	<u>\$ (89,855)</u>	<u>\$ (70,356)</u>	<u>\$ (9,034)</u>	<u>\$ 79,388</u>	<u>\$ (89,857)</u>

Supplemental Condensed Consolidating Statements of Cash Flows for the Nine Months Ended September 30, 2018

	Parent	Guarantors	Non-guarantors	Eliminations	Consolidated
	(in thousands)				
Net cash provided by provided by operating activities	\$ 35,550	\$ 13,319	\$ 1,483	\$ —	\$ 50,352
Cash flows from investing activities:					
Purchases of property and equipment	—	(7,461)	(225)	—	(7,686)
Proceeds from disposition of property and equipment	—	29,520	—	—	29,520
Dividends received from equity investees	—	1,000	—	—	1,000
Principal payments on notes due from equity investees	—	401	—	—	401
Principal payments on third party notes receivable	—	620	—	—	620
Net cash used in investing activities	—	24,080	(225)	—	23,855
Cash flows from financing activities:					
Long-term debt issuance costs	—	—	—	(1,295)	(1,295)
Payments on long-term debt	—	(1,247)	(2,315)	(39,000)	(42,562)
Proceeds from share award plans	—	—	—	893	893
Borrowings and repayments of intercompany debt	—	(39,402)	—	39,402	—
Net cash used in financing activities	—	(40,649)	(2,315)	—	(42,964)
Effects of exchange rate changes on cash and cash equivalents	—	—	(445)	—	(445)
Net increase (decrease) in cash and cash equivalents	35,550	(3,250)	(1,502)	—	30,798
Cash, cash equivalents and restricted cash, beginning of period	10,800	3,250	2,783	—	16,833
Cash, cash equivalents and restricted cash, end of period	<u>\$ 46,350</u>	<u>\$ —</u>	<u>\$ 1,281</u>	<u>\$ —</u>	<u>\$ 47,631</u>

Supplemental Condensed Consolidating Statements of Cash Flows for the Nine Months Ended September 30, 2017

	Parent	Guarantors	Non-guarantors	Eliminations	Consolidated
	(in thousands)				
Net cash provided by (used in) operating activities	\$ (267)	\$ 17,477	\$ 718	\$ —	\$ 17,928
Cash flows from investing activities:					
Purchases of property and equipment	—	(13,013)	(108)	—	(13,121)
Proceeds from disposition of property and equipment	—	5,690	—	—	5,690
Investments in and advances to equity investees	—	(126)	—	—	(126)
Principal payments on notes due from equity investees	—	564	—	—	564
Principal payments on third party notes receivable	—	94	—	—	94
Net cash provided by (used in) investing activities	—	(6,791)	(108)	—	(6,899)
Cash flows from financing activities:					
Proceeds from Revolving Credit Facility	—	—	—	9,000	9,000
Payments on long-term debt	—	(1,247)	(498)	(23,000)	(24,745)
Proceeds from share award plans	—	—	—	836	836
Purchase of treasury shares	—	—	—	(52)	(52)
Borrowings and repayments of intercompany debt	—	(13,216)	—	13,216	—
Net cash used in financing activities	—	(14,463)	(498)	—	(14,961)
Effects of exchange rate changes on cash and cash equivalents	27	—	74	—	101
Net increase (decrease) in cash and cash equivalents	(240)	(3,777)	186	—	(3,831)
Cash, cash equivalents and restricted cash, beginning of period	25,474	3,777	1,476	—	30,727
Cash, cash equivalents and restricted cash, end of period	\$ 25,234	\$ —	\$ 1,662	\$ —	\$ 26,896

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

Management's Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with the accompanying unaudited consolidated financial statements as of September 30, 2018 and for the three and nine months ended September 30, 2018 and 2017, included elsewhere herein, and with our Annual Report on Form 10-K for the year ended December 31, 2017.

Forward-Looking Statements

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

- the Company's dependence on, and the cyclical and volatile nature of, offshore oil and gas exploration, development and production activity, and the impact of general economic conditions and fluctuations in worldwide prices of and demand for oil and natural gas on such activity levels;*
- the Company's reliance on a small number of customers and the reduction of its customer base resulting from bankruptcies or consolidation;*
- risks that the Company's customers reduce or cancel contracted services or tender processes or obtain comparable services through other forms of transportation;*
- the Company's dependence on U.S. government agency contracts that are subject to budget appropriations;*
- cost savings initiatives implemented by the Company's customers;*
- risks inherent in operating helicopters;*
- the Company's ability to maintain an acceptable safety record and level of reliability;*
- the impact of increased United States ("U.S.") and foreign government regulation and legislation, including potential government implemented moratoriums on drilling activities;*
- the impact of a grounding of all or a portion of the Company's fleet for extended periods of time or indefinitely on the Company's business, including its operations and ability to service customers, results of operations or financial condition and/or the market value of the affected helicopter(s);*
- the Company's ability to successfully expand into other geographic and aviation service markets;*
- risks associated with political instability, governmental action, war, acts of terrorism and changes in the economic condition in any foreign country where the Company does business, which may result in expropriation, nationalization, confiscation or deprivation of the Company's assets or result in claims of a force majeure situation;*
- the impact of declines in the global economy and financial markets;*
- the impact of fluctuations in foreign currency exchange rates on the Company's asset values and cost to purchase helicopters, spare parts and related services;*
- risks related to investing in new lines of service without realizing the expected benefits;*
- risks of engaging in competitive processes or expending significant resources for strategic opportunities, with no guaranty of recoupment;*
- the Company's reliance on a small number of helicopter manufacturers and suppliers;*
- the Company's ongoing need to replace aging helicopters;*
- the Company's reliance on the secondary helicopter market to dispose of used helicopters and parts;*
- the Company's reliance on information technology;*
- the impact of allocation of risk between the Company and its customers;*
- the liability, legal fees and costs in connection with providing emergency response services;*
- adverse weather conditions and seasonality;*
- risks associated with the Company's debt structure;*
- the Company's counterparty credit risk exposure;*
- the impact of operational and financial difficulties of the Company's joint ventures and partners and the risks associated with identifying and securing joint venture partners when needed;*
- conflict with the other owners of the Company's non-wholly owned subsidiaries and other equity investees;*
- adverse results of legal proceedings;*
- the incurrence of significant costs in connection with the Company's pursuit of legal remedies;*
- risks associated with significant increases in fuel costs;*

- *the Company's ability to obtain insurance coverage and the adequacy and availability of such coverage;*
- *the Company's ability to remediate the material weaknesses it has identified in its internal controls over financial reporting described herein and in its Annual Report on Form 10-K for the year ended December 31, 2017;*
- *the possibility of labor problems;*
- *the attraction and retention of qualified personnel;*
- *restrictions on the amount of foreign ownership of the Company's common stock; and*
- *various other matters and factors, many of which are beyond the Company's control.*

It is not possible to predict or identify all such factors. Consequently, the foregoing should not be considered a complete discussion of all potential risks or uncertainties. The words "estimate," "project," "intend," "believe," "plan" and similar expressions are intended to identify forward-looking statements. Forward-looking statements speak only as of the date of the document in which they are made. The Company disclaims any obligation or undertaking to provide any updates or revisions to any forward-looking statement to reflect any change in the Company's expectations or any change in events, conditions or circumstances on which the forward-looking statement is based. The forward-looking statements in this Quarterly Report on Form 10-Q should be evaluated together with the many uncertainties that affect the Company's businesses, particularly those discussed in greater detail elsewhere herein and in Part I, Item 1A, "Risk Factors" of Era Group's Annual Report on Form 10-K for the year ended December 31, 2017 and Era Group's subsequent Quarterly Reports on Form 10-Q and periodic reporting on Form 8-K (if any).

Overview

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

We charter the majority of our helicopters through master service agreements, subscription agreements, long-term contracts, day-to-day charter arrangements and dry-leases. Master service agreements and subscription agreements typically require a fixed monthly fee plus incremental payments based on hours flown. These agreements have fixed terms ranging from one month to five years and generally may be canceled without penalty upon 30-90 days' notice. Generally, these contracts do not commit our customers to acquire specific amounts of services or minimum flight hours and permit our customers to decrease the number of helicopters under contract with a corresponding decrease in the fixed monthly payments without penalty. Day-to-day charter arrangements call for either a combination of a daily fixed fee plus a charge based on hours flown or an hourly rate with a minimum number of hours to be charged. Dry-leases require a fixed monthly fee for the customer's right to use the helicopter and, where applicable, a charge based on hours flown as compensation for any maintenance, parts, and/or personnel support that we may provide to the customer. Dry-leases have fixed terms from several months to five years and, in limited circumstances, may be canceled without penalty upon written notice. Emergency response services consist of services provided under contracts with hospitals or under a subscription basis directly with the end users.

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

Recent Developments

On September 12, 2018, the Company entered into a new teaming agreement for the North Sea region in Europe with Bel Air Aviation, the only Danish owned offshore helicopter company servicing the oil and gas and offshore wind markets. The cooperation will combine Bel Air Aviation's operating expertise in the North Sea Region with more flexible fleet solutions afforded by our large and diverse helicopter fleet.

Results of Operations

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2018		2017		2018		2017	
	(in thousands)	%	(in thousands)	%	(in thousands)	%	(in thousands)	%
Revenues:								
United States	\$ 39,371	72	\$ 42,475	69	\$ 120,657	71	\$ 113,877	66
Foreign	15,239	28	18,910	31	49,003	29	59,913	34
Total revenues	54,610	100	61,385	100	169,660	100	173,790	100
Costs and Expenses:								
Operating:								
Personnel	13,935	26	16,096	26	41,716	25	47,195	27
Repairs and maintenance	10,823	20	15,296	25	36,125	21	39,309	23
Insurance and loss reserves	1,244	2	1,303	2	3,893	2	3,723	2
Fuel	3,695	7	3,219	5	11,056	7	8,880	5
Leased-in equipment	51	—	272	—	584	—	846	—
Other	6,765	12	7,801	13	21,131	12	23,126	13
Total operating expenses	36,513	67	43,987	71	114,505	67	123,079	70
Administrative and general	8,837	16	10,928	18	35,714	21	31,211	18
Depreciation and amortization	9,541	17	12,103	20	30,011	18	35,635	21
Total costs and expenses	54,891	100	67,018	109	180,230	106	189,925	109
Gains (losses) on asset dispositions, net	(148)	—	(122)	—	2,269	1	5,048	3
Litigation settlement proceeds	42,000	77	—	—	42,000	25	—	—
Loss on impairment	—	—	(117,018)	(191)	—	—	(117,018)	(67)
Operating income (loss)	41,571	76	(122,773)	(200)	33,699	20	(128,105)	(74)
Other income (expense):								
Interest income	732	1	206	—	1,224	1	641	—
Interest expense	(3,549)	(6)	(4,097)	(7)	(11,646)	(7)	(11,620)	(7)
Foreign currency gains (losses), net	(94)	—	12	—	(1,095)	(1)	(96)	—
Gain on debt extinguishment	—	—	—	—	175	—	—	—
Other, net	15	—	(33)	—	21	—	(29)	—
Total other income (expense)	(2,896)	(5)	(3,912)	(7)	(11,321)	(7)	(11,104)	(7)
Income (loss) before income taxes and equity earnings	38,675	71	(126,685)	(206)	22,378	13	(139,209)	(80)
Income tax expense (benefit)	7,861	14	(45,237)	(74)	4,549	3	(48,066)	(28)
Income (loss) before equity earnings	30,814	57	(81,448)	(132)	17,829	10	(91,143)	(52)
Equity earnings, net of tax	465	1	233	—	1,577	1	1,069	1
Net income (loss)	31,279	58	(81,215)	(132)	19,406	11	(90,074)	(51)
Net loss (income) attributable to noncontrolling interest in subsidiary	10	—	(233)	—	310	—	219	—
Net income (loss) attributable to Era Group Inc.	\$ 31,289	57	\$ (81,448)	(133)	\$ 19,716	12	\$ (89,855)	(52)

Revenues by Service Line. The table below sets forth the revenues earned by service line for the three and nine months ended September 30, 2018 and 2017.

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2018		2017		2018		2017	
	(in thousands)	%	(in thousands)	%	(in thousands)	%	(in thousands)	%
Revenues:								
Oil and gas: ⁽¹⁾								
U.S.	\$ 35,473	65	\$ 36,567	60	\$ 109,778	65	\$ 98,914	57
International	13,665	25	16,764	27	43,443	25	48,215	28
Total oil and gas	49,138	90	53,331	87	153,221	90	147,129	85
Dry-leasing ⁽²⁾	2,716	5	2,632	4	8,544	5	12,713	7
Emergency response services ⁽³⁾	2,756	5	2,487	4	7,895	5	8,877	5
Flightseeing	—	—	2,935	5	—	—	5,071	3
	<u>\$ 54,610</u>	<u>100</u>	<u>\$ 61,385</u>	<u>100</u>	<u>\$ 169,660</u>	<u>100</u>	<u>\$ 173,790</u>	<u>100</u>

(1) Primarily oil and gas activities, but also includes revenues from utility services, such as firefighting, and VIP transport.

(2) Includes property rental income for the three and nine months ended September 30, 2017 of approximately \$0.1 million and \$0.3 million, respectively, that was previously included in emergency response services and oil and gas service lines.

(3) Includes search and rescue and air medical services.

Current Quarter compared to Prior Year Quarter

Operating Revenues. Operating revenues were \$6.8 million lower in the three months ended September 30, 2018 (the “Current Quarter”) compared to the three months ended September 30, 2017 (the “Prior Year Quarter”).

Operating revenues from U.S. oil and gas operations were \$1.1 million lower in the Current Quarter. Operating revenues from single engine, light twin, and medium helicopters were \$1.6 million, \$1.1 million, and \$0.6 million lower, respectively, primarily due to lower utilization. These decreases were partially offset by a \$2.2 million increase in operating revenues from heavy helicopters primarily due to higher utilization.

Operating revenues from international oil and gas operations were \$3.1 million lower in the Current Quarter. Operating revenues in Colombia were \$1.5 million lower primarily due to lower utilization. Operating revenues in Brazil were \$1.5 million lower primarily due to the weakening of the Brazilian real relative to the U.S. dollar and lower utilization.

Revenues from dry-leasing activities were consistent with the Prior Year Quarter.

Operating revenues from emergency response services were \$0.3 million higher in the Current Quarter primarily due to increased charter flights.

Operating revenues from flightseeing activities were \$2.9 million lower than the Prior Year Quarter due to the sale of flightseeing assets in the current year.

Operating Expenses. Operating expenses were \$7.5 million lower in the Current Quarter. Repairs and maintenance expenses were \$4.5 million lower primarily due to a \$2.8 million decrease related to the timing of repairs, a \$0.8 million decrease related to the return of leased-in helicopters, the recognition of \$0.7 million in vendor credits in the Current Quarter, and a \$0.2 million decrease in power-by-the-hour (“PBH”) expense. Personnel costs were \$2.2 million lower primarily due to a reduction in headcount. Other operating expenses were \$1.0 million lower primarily due to the absence of costs related to flightseeing activities and the reversal of a previously reserved deposit following a favorable decision on a Brazilian tax dispute. These decreases were partially offset by a \$0.5 million increase in fuel expense primarily due to an increase in the average fuel price.

Administrative and General. Administrative and general expenses were \$2.1 million lower in the Current Quarter primarily due to a \$2.0 million decrease in professional services fees and a \$0.7 million decrease in other taxes related to the correction of immaterial errors in the Prior Year Quarter. These decreases were partially offset by a \$0.7 million increase in personnel expenses.

Depreciation and Amortization. Depreciation and amortization expense was \$2.6 million lower in the Current Quarter primarily due to the sale of helicopters subsequent to the Prior Year Quarter.

Litigation Settlement Proceeds. Litigation settlement proceeds of \$42.0 million related to a settlement in the Current Quarter.

Loss on Impairment. In the Prior Year Quarter, the Company recorded a loss on impairment of \$117.0 million related to the Company’s H225 helicopters.

Operating Income (Loss). Operating income as a percentage of revenues was 76% in the Current Quarter compared to operating loss as a percentage of revenues of 200% in the Prior Year Quarter. The increase in operating income as a percentage of revenues was primarily due to the recognition of litigation settlement proceeds in the Current Quarter and the absence of the loss on impairment recorded in the Prior Year Quarter.

Interest Income. Interest income was \$0.5 million higher in the Current Quarter primarily due to interest earned on the Company’s sales-type leases.

Interest Expense. Interest expense was \$0.5 million lower in the Current Quarter due to lower debt balances.

Income Tax Benefit (Expense). Income tax expense was \$7.9 million in the Current Quarter primarily due to the recognition of litigation settlement proceeds. Income tax benefit was \$45.2 million in the Prior Year Quarter primarily due to the recognition of the loss on impairment.

Current Nine Months compared to Prior Nine Months

Operating Revenues. Operating revenues were \$4.1 million lower in the nine months ended September 30, 2018 (the “Current Nine Months”) compared to the nine months ended September 30, 2017 (the “Prior Nine Months”).

Operating revenues from oil and gas operations in the U.S. were \$10.9 million higher in the Current Nine Months. Operating revenues from heavy and medium helicopters were \$10.7 million and \$4.6 million higher, respectively, primarily due to higher utilization. Operating revenues from single engine and light twin helicopters were \$2.5 million and \$1.8 million lower, respectively, primarily due to lower utilization.

Operating revenues from international oil and gas operations were \$4.8 million lower in the Current Nine Months. Operating revenues in Brazil were \$2.7 million lower primarily due to the weakening of the Brazilian real relative to the U.S. dollar and lower utilization. Operating revenues from Colombia were \$1.1 million lower primarily due to a short term contract in the Prior Nine Months. Operating revenues in Suriname were \$0.9 million lower due to the end of contracts.

Revenues from dry-leasing activities were \$4.2 million lower in the Current Nine Months primarily due to \$3.7 million of lease return charges on helicopters returned to the Company upon the conclusion of lease contracts in the Prior Nine Months and contracts that have ended. These decreases were partially offset by the recognition of a bankruptcy settlement during the Current Nine Months.

Operating revenues from emergency response services were \$1.0 million lower in the Current Nine Months primarily due to the end of air medical contracts in the Prior Nine Months, partially offset by increased charter flights.

Operating revenues from flightseeing activities were \$5.1 million lower in the Current Nine Months due to the sale of flightseeing assets.

Operating Expenses. Operating expenses were \$8.6 million lower in the Current Nine Months. Personnel costs were \$5.5 million lower primarily due to a reduction in headcount. Repairs and maintenance expenses were \$3.2 million lower primarily due to a \$1.7 million decrease related to the timing of repairs, the recognition of \$0.7 million in vendor credits, a \$0.4 million credit related to the return of leased-in helicopters, and a \$0.4 million decrease in PBH expense. Other operating expenses were \$2.0 million lower primarily due to the absence of costs related to flightseeing activities and the reversal of previously reserved deposits following a favorable decision on Brazilian customs and tax disputes during the Current Nine Months. These decreases were partially offset by an increase in fuel expense of \$2.2 million primarily due to a higher average fuel price and increased flight hours in oil and gas operations.

Administrative and General. Administrative and general expenses were \$4.5 million higher in the Current Nine Months primarily due to an increase of \$7.0 million in professional services fees. This increase was partially offset by a \$1.1 million decrease in personnel costs primarily due to reductions in headcount and changes in senior management in the Prior Nine Months, a \$0.7 million decrease in other taxes related to the correction of immaterial errors in the Prior Nine Months, a \$0.3 million decrease related to changes in allowance for doubtful accounts and a \$0.4 million decrease related to other expenses.

Depreciation and Amortization. Depreciation and amortization expense was \$5.6 million lower in the Current Nine Months primarily due to the sale of helicopters subsequent to the Prior Nine Months.

Gains/(losses) on Asset Dispositions, Net. In the Current Nine Months, the Company sold its flightseeing assets in Alaska (which consisted of eight single engine helicopters, two operating facilities, and related property and equipment), two additional single engine helicopters, two light twin helicopters, seven heavy helicopters, one medium helicopter and other equipment for proceeds of \$29.5 million and receivables of \$14.3 million, resulting in net gains of \$2.3 million. During the Prior Nine Months, the Company sold or otherwise disposed of a hangar in Alaska, two helicopters, capital parts and other assets for gains of \$5.0 million.

Litigation Settlement Proceeds. Litigation settlement proceeds of \$42.0 million related to a settlement in the Current Nine Months.

Loss on Impairment. In the Prior Nine Months, the Company recorded a loss on impairment of \$117.0 million related to the Company's H225 helicopters.

Operating Income (Loss). Operating income as a percentage of revenues was 20% in the Current Nine Months compared to operating loss as a percentage of revenues of 74% in the Prior Nine Months. The increase in operating income as a percentage of revenues was primarily due to the recognition of litigation settlement proceeds in the Current Nine Months and the absence of the loss on impairment recorded in the Prior Nine Months.

Interest Income. Interest income was \$0.6 million higher in the Current Nine Months primarily due to interest earned on the Company's sales-type leases.

Foreign Currency Gains (Losses), net. Foreign currency losses were \$1.1 million in the Current Nine Months primarily due to the weakening of the Brazilian real relative to the U.S. dollar.

Income Tax Benefit (Expense). Income tax expense was \$4.5 million in the Current Nine Months primarily due to the recognition of litigation settlement proceeds. Income tax benefit was \$48.1 million in the Prior Nine Months primarily due to the recognition of the loss on impairment.

Fleet Count

The following shows details of our helicopter fleet as of September 30, 2018.

	Owned	Leased-in	Total	Max. Pass. ⁽¹⁾	Cruise Speed (mph)	Approx. Range (miles)	Average Age ⁽²⁾ (years)
Heavy:							
S92	4	—	4	19	175	620	2
H225	2	—	2	19	162	582	9
AW189	4	—	4	16	173	490	2
	<u>10</u>	<u>—</u>	<u>10</u>				
Medium:							
AW139	36	—	36	12	173	426	9
S76 C+/C++	5	—	5	12	161	348	12
B212	5	—	5	11	115	299	39
	<u>46</u>	<u>—</u>	<u>46</u>				
Light—twin engine:							
A109	7	—	7	7	161	405	12
EC135	13	2	15	7	138	288	10
BO105	3	—	3	4	138	276	29
	<u>23</u>	<u>2</u>	<u>25</u>				
Light—single engine:							
A119	13	—	13	7	161	270	12
AS350	17	—	17	5	138	361	21
	<u>30</u>	<u>—</u>	<u>30</u>				
Total Fleet	<u>109</u>	<u>2</u>	<u>111</u>				13

(1) In typical configuration for our operations.

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

Liquidity and Capital Resources

General

Our ongoing liquidity requirements arise primarily from working capital needs, meeting our capital commitments (including the purchase of helicopters and other equipment) and the repayment of debt obligations. In addition, we may use our liquidity to fund acquisitions, repurchase shares or debt securities or make other investments. Sources of liquidity are cash balances and cash flows from operations and, from time to time, we may obtain additional liquidity through the issuance of equity or debt or through borrowings under the amended and restated senior secured revolving credit facility (the “Revolving Credit Facility”).

As of September 30, 2018, we had unfunded capital commitments of \$82.3 million, consisting primarily of agreements to purchase helicopters, including three AW189 heavy helicopters and five AW169 light twin helicopters. The AW189 helicopters are scheduled to be delivered in 2019 and 2020. Delivery dates for the AW169 helicopters have yet to be determined. These commitments are payable beginning in 2019 and through 2020, and all of the commitments (inclusive of deposits paid on options not yet exercised) may be terminated without further liability to us other than aggregate liquidated damages of \$2.1 million. In addition, we had outstanding options to purchase up to ten additional AW189 helicopters. If these options are exercised, the helicopters would be scheduled for delivery in 2020 and 2021.

If we do not exercise our rights to cancel these capital commitments, we expect to finance the remaining acquisition costs for these helicopters through a combination of cash on hand, cash provided by operating activities, asset sales and borrowings under our Revolving Credit Facility.

Summary of Cash Flows

	Nine Months Ended September 30,	
	2018	2017
	<i>(in thousands)</i>	
Cash flows provided by or (used in):		
Operating activities	\$ 50,352	\$ 17,928
Investing activities	23,855	(6,899)
Financing activities	(42,964)	(14,961)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(445)	101
Net increase (decrease) in cash, cash equivalents and restricted cash	<u>\$ 30,798</u>	<u>\$ (3,831)</u>

Operating Activities

Cash flows provided by operating activities increased by \$32.4 million in the Current Nine Months compared to the Prior Nine Months. The components of cash flows provided by operating activities during the Current Nine Months and Prior Nine Months were as follows (in thousands):

	Nine Months Ended September 30,	
	2018	2017
Operating income before depreciation, gains on asset dispositions and impairment, net	\$ 61,441	\$ 19,500
Changes in operating assets and liabilities before interest and income taxes	(6,593)	2,440
Interest paid, net of capitalized interest of \$97 and \$451 in 2018 and 2017, respectively	(7,770)	(7,798)
Income taxes paid	(63)	(427)
Other	3,337	4,213
Total cash flows provided by operating activities	<u>\$ 50,352</u>	<u>\$ 17,928</u>

Operating income before depreciation and gains on asset dispositions, net was \$41.9 million higher in the Current Nine Months compared to the Prior Nine Months primarily due to litigation settlement proceeds of \$42.0 million.

During the Current Nine Months, changes in operating assets and liabilities before interest and income taxes used cash flows of \$6.6 million primarily due to a decrease in accounts payables. During the Prior Nine Months, changes in operating assets and liabilities before interest and income taxes provided cash flows of \$2.4 million primarily due to an increase in accounts payable and accrued expenses partially offset by an increase in receivables.

Net non-cash expenses decreased by \$0.9 million compared to the Prior Nine Months primarily due to a decrease in equity award amortization.

Investing Activities

During the Current Nine Months, net cash provided by investing activities was \$23.9 million primarily as follows:

- Proceeds from the disposition of property and equipment were \$29.5 million.
- Net principal payments received from equity investees and third parties were \$1.0 million.
- Dividends received from equity investees were \$1.0 million.
- Capital expenditures were \$7.7 million, which consisted primarily of helicopter acquisitions, spare helicopter parts, and leasehold improvements.

During the Prior Nine Months, net cash used in investing activities was \$6.9 million primarily as follows:

- Proceeds from the disposition of property and equipment were \$5.7 million.
- Net principal payments received from equity investees and third parties were \$0.7 million.
- Capital expenditures were \$13.1 million, which consisted primarily of helicopter acquisitions, deposits on future helicopter deliveries, spare helicopter parts and capitalized interest.
- Investments in and advances to equity method investees were \$0.1 million.

Financing Activities

During the Current Nine Months, net cash used in financing activities was \$43.0 million primarily as follows:

- Principal payments on long-term debt, including our Revolving Credit Facility, were \$42.6 million.
- Long-term debt issuance costs were \$1.3 million incurred in connection with the amendment of the Revolving Credit Facility.
- Proceeds from share award plans were \$0.9 million.

During the Prior Nine Months, net cash used in financing activities was \$15.0 million primarily as follows:

- Proceeds from additional borrowings under our Revolving Credit Facility were \$9.0 million.
- Proceeds from share award plans were \$0.8 million.
- Principal payments on long-term debt, including our Revolving Credit Facility, were \$24.7 million.

Revolving Credit Facility

As of September 30, 2018, our Revolving Credit Facility provided us with the ability to borrow up to \$125.0 million, with a sub-limit of up to \$50.0 million for letters of credit. The Revolving Credit Facility includes an “accordion” feature which, if exercised and subject to agreement by the lenders and the satisfaction of certain conditions, will increase total commitments by up to \$50.0 million. Our availability under the Revolving Credit Facility may be limited by certain maintenance covenants specified under the Revolving Credit Facility. As of September 30, 2018, the Company had no outstanding borrowings under the Revolving Credit Facility, and based on our operating results through September 30, 2018, we have the ability to borrow up to \$123.9 million under the Revolving Credit Facility.

Senior Notes

On December 7, 2012, we completed an offering of \$200.0 million aggregate principal amount of our 7.750% Senior Notes due December 15, 2022. Interest on the notes is payable semi-annually in arrears on June 15th and December 15th of each year. From time to time, we may opportunistically repurchase our 7.750% Senior Notes in open market or privately negotiated transactions on terms we believe to be favorable. As of September 30, 2018, \$144.8 million in aggregate principal amount of the 7.750% Senior Notes remains outstanding. We may also redeem the 7.750% Senior Notes at any time and from time to time at a premium as specified in the indenture governing the 7.750% Senior Notes.

Promissory Notes

In December 2010, we entered into two promissory notes to purchase a heavy and a medium helicopter. We refinanced the notes upon their maturity in December 2015. The notes bear interest at the one-month LIBOR rate plus 181 basis points and require monthly principal and interest payments of \$0.2 million with final payments totaling \$16.8 million due in December 2020.

Aeróleo Debt

During the nine months ended September 30, 2018, the Company did not enter into any new debt arrangements in Brazil. During the nine months ended September 30, 2017, the Company settled certain tax disputes for installment payments in Brazil totaling \$0.2 million. Such amounts bear interest at a rate equal to the overnight rate as published by the Central Bank of Brazil.

For additional information about our long-term debt, refer to “Management’s Discussion and Analysis of Financial Condition and Results of Operations-Amended and Restated Senior Secured Revolving Credit Facility”, “-7.750% Senior Notes”, “-Promissory Notes”, and “-Aeróleo Debt” contained in our Annual Report on Form 10-K for the year ended December 31, 2017.

Short and Long-Term Liquidity Requirements

We anticipate that we will generate positive cash flows from operating activities and that these cash flows will be adequate to meet our working capital requirements. During the nine months ended September 30, 2018, our cash provided by operating activities was \$50.4 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.

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 September 30, 2018, we had no such guarantees in place. As of September 30, 2018, we had standby letters of credit totaling \$1.1 million.

Contingencies

Brazilian Tax Disputes

We are disputing assessments of approximately \$9.6 million in taxes, penalties and interest levied by the municipal authorities of Rio de Janeiro (for the period between 2000 to 2005), Macaé (for the period between 2001 to 2006), and Cabo Frio (for the period 2012) (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. At September 30, 2018, 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 \$2.5 million of employer social security contributions required to have been remitted by one of our customers relating to the period from 1995 to 1998. Although we may be deemed co-responsible for such remittances under the local regulatory regime, the customer’s payments to us against presented invoices were made net of the specific remittances required to have been made by the customer and at issue in the claim. As such, we plan to defend this claim vigorously. At September 30, 2018, 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 payments 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 \$0.5 million. At September 30, 2018, 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 \$0.2 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 September 30, 2018, 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 September 30, 2018, 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 \$0.5 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 September 30, 2018, 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 September 30, 2018, it is not possible to determine the outcome of several of these claims wherein an aggregate amount equal to the Company’s established accrual is being sought. 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 September 30, 2018, 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 \$6.7 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 Helicopters, Inc. and Airbus Helicopters S.A.S. (collectively, "Airbus") alleging breaches of various contracts between us, fraudulent inducement and unjust enrichment in connection with the 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 a H225 that we purchased from another helicopter operator.

On July 3, 2018, the Company entered into a litigation settlement agreement (the "Settlement Agreement") with Airbus to settle all claims made by the Company against Airbus related to Airbus' marketing and sale, and the Company's purchase, of eleven H225 model helicopters. Pursuant to the Settlement Agreement, Airbus has agreed to pay the Company \$42.0 million in cash and provide it with certain trade account credits that the Company may use for up to five years. The Company has agreed to release Airbus from any and all liabilities, claims, counterclaims, demands, complaints, costs, losses and expenses relating to the action and to dismiss the action with prejudice without any party admitting fault.

For additional information about our contractual obligations and commercial commitments, refer to "Liquidity and Capital Resources—Contractual Obligations and Commercial Commitments" contained in our Annual Report on Form 10-K for the year ended December 31, 2017. There have been no material changes since such date.

Critical Accounting Policies

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. In addition to the policies discussed in Item 7 - Management's Discussion and Analysis of Financial Condition and Results of Operations in our Annual Report on Form 10-K for the year ended December 31, 2017, the following involves a high degree of judgment and complexity.

Revenue recognition. We have elected to exercise the right to invoice practical expedient in our adoption of ASC 606. We recognize revenue for flight services and emergency response services with the passing of each day as we have the right to consideration from our customers in an amount that corresponds directly with the value to our customer of our performance completed to date. The right to invoice represents a method for recognizing revenue over time using the output measure of "value to the customer" which is an objective measure of an entity's performance in a contract. We typically invoice our customers on a monthly basis for revenues earned during the prior month with payment terms of 30 days. Our customer arrangements do not contain any significant financing component for our customers.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

For additional information about our exposure to market risk, refer to Item 7A, Quantitative and Qualitative Disclosures about Market Risk, contained in our Annual Report on Form 10-K for the year ended December 31, 2017. There has been no material change in our exposure to market risk during the Current Quarter, except as described below.

As of September 30, 2018, we had non-U.S. dollar denominated capital purchase commitments of €70.9 million (\$82.3 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 commitments by \$8.2 million. As of September 30, 2018, our Brazilian subsidiary maintained a non-U.S. dollar denominated working capital balance of R\$24.2 million (\$6.0 million). An adverse change of 10% in the underlying foreign currency exchange rate would reduce our working capital balance by \$0.5 million.

ITEM 4. CONTROLS AND PROCEDURES

With the participation of our Chief Executive Officer and Chief Financial Officer, management evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) as of September 30, 2018. Based on their evaluation, our principal executive officer and principal financial officer concluded that the Company’s disclosure controls and procedures were not effective in providing reasonable assurance that material information required to be disclosed in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission’s rules and forms, including ensuring that such material information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure, as of September 30, 2018 solely because of the existence of the material weaknesses in internal controls over financial reporting 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 prior to publication of the results. As noted below, this material weakness was remedied in the first quarter of 2018.

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 the material weaknesses in internal control related to our subsidiary in Brazil, management implemented additional controls. These new controls include validation of monthly interest accruals on tax installments including review of the terms of any new installment arrangements. The implementation of the additional controls were completed by the end of first quarter 2018. Accordingly, management concluded this material weakness was remediated as of March 31, 2018.

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 tax provision calculation by enhancing the precision of the review and reconciliation controls over each significant component of the income tax and other tax accrual processes. These controls were enhanced in the first quarter of 2018. However, management is continuing to enhance further controls and assess the effectiveness of these controls; therefore, our remediation efforts are ongoing.

Changes in Internal Controls Over Financial Reporting

Other than as noted above with respect to the above remedied and existing material weaknesses, during the quarter ended September 30, 2018, there were no changes in our internal control over financial reporting.

PART II—OTHER INFORMATION**ITEM 1A. RISK FACTORS**

For additional information about our risk factors, see “Risk Factors” in Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2017. There have been no material changes to this Item from the disclosure included in our Annual Report on Form 10-K for the year ended December 31, 2017.

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

The following table presents information regarding our repurchases of shares of our Common Stock on a monthly basis during the three months ended September 30, 2018:

	Total Number of Shares Repurchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Value of Shares that May Yet be Purchased Under the Plans or Programs
July 1, 2018 - July 31, 2018	—	\$ —	—	\$ 22,934,076
August 1, 2018 - August 31, 2018	—	\$ —	—	\$ 22,934,076
September 1, 2018 - September 30, 2018	—	\$ —	—	\$ 22,934,076

ITEM 6. EXHIBITS

3.1	Amended and Restated Certificate of Incorporation
3.2	Amended and Restated Bylaws
10.1	Settlement Agreement and General Release of Claims
31.1	Certification by the Principal Executive Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act.
31.2	Certification by the Principal Financial Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act.
32.1	Certification by the Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification by the Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation Linkbase
101.DEF	XBRL Taxonomy Extension Definition Linkbase
101.LAB	XBRL Taxonomy Extension Label Linkbase
101.PRE	XBRL Taxonomy Extension Presentation Linkbase

SIGNATURES

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

Era Group Inc. (Registrant)

DATE: November 6, 2018

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

**AMENDED AND RESTATED
CERTIFICATE OF INCORPORATION
OF
ERA GROUP INC.
(Under Sections 242 and 245 of the
Delaware General Corporation Law)**

Era Group Inc. (the "Corporation"), a corporation organized and existing under the General Corporation Law of the State of Delaware, as amended (the "DGCL"), does hereby certify as follows:

1. The name of the Corporation is Era Group Inc. The Corporation was originally incorporated under the name Marine Online Inc. The original certificate of incorporation of the Corporation was filed with the office of the Secretary of State of the State of Delaware on April 29, 1999. The original certificate of incorporation of the Corporation was amended and restated and was filed with the office of the Secretary of State of the State of Delaware on August 1, 2011. The first amended and restated certificate of incorporation of the Corporation was further amended and restated and was filed with the office of the Secretary of State of the State of Delaware on January 31, 2013.

2. An amendment to the certificate of incorporation, as previously amended and restated, was duly proposed by the Board of Directors of the Corporation (the "Board of Directors") and approved by an affirmative vote of the holders of a majority of the voting power of all of the then-outstanding shares of capital stock of the Corporation entitled to vote thereon at the regularly scheduled annual meeting of the stockholders held on June 7, 2018, in accordance with Section 242 of the DGCL (the "Approved Amendment").

3. This amended and restated certificate of incorporation (the "Certificate of Incorporation") was duly adopted by the Board of Directors to integrate the Approved Amendment in accordance with Section 245 of the DGCL.

4. The Certificate of Incorporation is hereby restated to read in its entirety as follows:

ARTICLE I

Section 1.1. Name. The name of the Corporation is Era Group Inc.

ARTICLE II

Section 2.1. Address. The address of the Corporation's registered office in the State of Delaware is 251 Little Falls Drive, Wilmington, Delaware 19808 in New Castle County. The name of its registered agent at such address is Corporation Services Company.

ARTICLE III

Section 3.1. Purpose. The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the DGCL. Without limiting the generality of the foregoing, the Corporation shall have all of the powers conferred on corporations by the DGCL and other applicable law.

ARTICLE IV

Section 4.1. Authorized Shares. The total number of shares of all classes of stock which the Corporation shall have authority to issue is 70,000,000, consisting of 60,000,000 shares of Common Stock, par value one cent (\$.01) per share (the "Common Stock") and 10,000,000 shares of Preferred Stock, par value one cent (\$.01) per share (the "Preferred Stock").

Section 4.2. Issuance of Preferred Stock. The Board of Directors is authorized, subject to any limitations prescribed by law, to provide for the issuance of shares of Preferred Stock in series, and by filing a certificate pursuant to the applicable law of the State of Delaware (such certificate being hereinafter referred to as a "Preferred Stock Designation"), to establish from time to time the number of shares to be included in each such series, and to fix the designation, powers, preferences, and rights of the shares of each such series and any qualifications, limitations or restrictions thereof. The number of authorized shares of Preferred Stock may be increased or decreased (but not below the number of shares thereof then outstanding) by the affirmative vote of the holders of a majority of the voting power

of all of the then-outstanding shares of capital stock of the Corporation entitled to vote thereon, without a vote of the holders of the Preferred Stock, or of any series thereof, unless a vote of any such holders is required pursuant to the terms of any Preferred Stock Designation.

Section 4.3. Voting. Each outstanding share of Common Stock shall entitle the holder thereof to one vote on each matter properly submitted to the stockholders of the Corporation for their vote; *provided*, however, that, except as otherwise required by law, holders of Common Stock shall not be entitled to vote on any amendment to this Certificate of Incorporation (including any Preferred Stock Designation relating to any series of Preferred Stock) that relates solely to the terms of one or more outstanding series of Preferred Stock if the holders of such affected series are entitled, either separately or together as a class with the holders of one or more other such series, to vote thereon pursuant to this Certificate of Incorporation (including any Preferred Stock Designation relating to any series of Preferred Stock).

ARTICLE V

Section 5.1. Powers of the Board. The business and affairs of the Corporation shall be managed by or under the direction of the Board of Directors. In addition to the powers and authority expressly conferred upon them by applicable law or by this Certificate of Incorporation (including any certificate of designation relating to any series or class of Preferred Stock) or the Bylaws of the Corporation, the directors are hereby empowered to exercise all such powers and do all such acts and things as may be exercised or done by the Corporation, except as otherwise specifically required by law or as otherwise provided in this Certificate of Incorporation (including any certificate of designation relating to any series or class of Preferred Stock).

Section 5.2. Number of Directors. Subject to the terms of any one or more series or classes of Preferred Stock, the total number of directors constituting the entire Board of Directors shall consist of not less than three nor more than fifteen members, the exact number of which shall be fixed from time to time exclusively by resolution adopted by the affirmative vote of a majority of the entire Board of Directors.

Section 5.3. Removal of Directors. Subject to the terms of any one or more series or classes of Preferred Stock, any director may be removed from office at any time, with or without cause, by the affirmative vote of the holders of at least a majority of the voting power of the Corporation's outstanding shares of stock entitled to vote at an election of directors.

Section 5.4. Term. The Board of Directors shall be elected by the stockholders at their annual meeting, and each director shall hold office until his or her successor shall be elected and shall qualify, subject, however, to prior death, resignation, retirement or removal from office. A director may resign at any time upon notice to the Corporation.

Section 5.5. Vacancies. Subject to the terms of any one or more series or classes of Preferred Stock, any vacancies in the Board of Directors for any reason and any newly created directorships resulting by reason of any increase in the number of directors shall be filled only by the Board of Directors (and not by the stockholders), acting by a majority of the remaining directors then in office, even if less than a quorum, or by a sole remaining director, and any directors so appointed shall hold office until the next election of the class of directors to which such directors have been appointed and until their successors are duly elected and qualified. No decrease in the number of authorized directors shall shorten the term of any incumbent director.

Section 5.6. Board of Directors Quorum and Voting. A majority of the Board of Directors shall constitute a quorum for all purposes any meeting of the Board of Directors, and, except as otherwise expressly provided by law or this Certificate of Incorporation, all matters shall be determined by the affirmative vote of a majority of the directors present at any meeting at which a quorum is present.

Section 5.7. Officers. Except as otherwise expressly delegated by resolution of the Board of Directors, the Board of Directors shall have the exclusive power and authority to appoint and remove officers of the Corporation.

ARTICLE VI

Section 6.1. Annual Meeting. An annual meeting of stockholders, for the election of directors to succeed those whose terms expire and for the transaction of such other business as may properly come before the meeting, shall be held at such place, on such date, and at such time as the Board of Directors shall fix.

Section 6.2. Elections of Directors. Elections of directors need not be by written ballot except and to the extent provided in the Bylaws of the Corporation.

Section 6.3. Advance Notice. Advance notice of nominations for the election of directors or proposals of other business to be considered by stockholders, made other than by the Board of Directors or a duly authorized committee thereof or any authorized officer of the Corporation to whom the Board of Directors or such committee shall have delegated such authority, shall be given in the manner provided in the Bylaws of the Corporation. Without limiting the generality of the foregoing, the Bylaws may require that such advance notice include such information as the Board of Directors may deem appropriate or useful.

Section 6.4. No Stockholder Action by Written Consent. Subject to the rights of the holders of any series of Preferred Stock, any action required or permitted to be taken by the stockholders of the Corporation must be effected at a duly called annual meeting or special meeting of stockholders of the Corporation and may not be effected by any consent in writing by such stockholders.

Section 6.5. Postponement, Conduct and Adjournment of Meetings. Any meeting of stockholders may be postponed by action of the Board of Directors at any time in advance of such meeting. The Board of Directors shall have the power to adopt such rules and regulations for the conduct of the meetings and management of the affairs of the Corporation as they may deem proper and the power to adjourn any meeting of stockholders without a vote of the stockholders, which powers may be delegated by the Board of Directors to the chairman of such meeting in either such rules and regulations or pursuant to the Bylaws of the Corporation.

Section 6.6. Special Meetings of Stockholders. Special meetings of the stockholders of the Corporation, for any purpose or purposes, may be called at any time, but only by or at the direction of a majority of the directors then in office or the Chief Executive Officer of the Corporation. The ability of stockholders to call a special meeting of stockholders is specifically denied.

ARTICLE VII

Section 7.1. Limited Liability of Directors. A director of the Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability (i) for any breach of the director's duty of loyalty to the Corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the DGCL, or (iv) for any transaction from which the director derived an improper personal benefit. If the DGCL is amended to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director of the Corporation shall be eliminated or limited to the fullest extent permitted by the DGCL, as so amended.

Section 7.2. Indemnification. The Corporation shall indemnify its directors and officers to the fullest extent authorized or permitted by law, as now or hereafter in effect, and such right to indemnification shall continue as to a person who has ceased to be a director or officer of the Corporation and shall inure to the benefit of his or her heirs, executors and personal and legal representatives; *provided, however*, that, except for proceedings to enforce rights to indemnification, the Corporation shall not be obligated to indemnify any director or officer (or his or her heirs, executors or personal or legal representatives) in connection with a proceeding (or part thereof) initiated by such person unless such proceeding (or part thereof) was authorized or consented to by the Board of Directors. The right to indemnification conferred by this Article VII shall include the right to be paid by the Corporation the expenses incurred in defending or otherwise participating in any proceeding in advance of its final disposition upon receipt by the Corporation of an undertaking by or on behalf of the director or officer receiving advancement to repay the amount advanced if it shall ultimately be determined that such person is not entitled to be indemnified by the Corporation under this Article VII. The Corporation may, to the extent authorized from time to time by the Board of Directors, provide rights to

indemnification and to the advancement of expenses to employees and agents of the Corporation similar to those conferred in this Article VII to directors and officers of the Corporation.

Section 7.3. Non-Exclusivity. The rights to indemnification and to the advance of expenses conferred in this Article VII shall not be exclusive of any other right which any person may have or hereafter acquire under this Certificate of Incorporation (including any certificate of designations relating to any series or class of Preferred Stock), the Bylaws of the Corporation, any statute, agreement, vote of stockholders or disinterested directors or otherwise.

Section 7.4. Insurance. The Corporation shall have the power to purchase and maintain insurance on behalf of any person who is or was or has agreed to become a director, officer, employee or agent of the Corporation against any liability asserted against him or her and incurred by him or her or on his or her behalf in such capacity, or arising out of his or her status as such, whether or not the Corporation would have the power to indemnify him or her against such liability.

Section 7.5. Amendment of Article VII. No alteration, amendment, addition to or repeal of this Article VII, nor the adoption of any provision of this Certificate of Incorporation (including any certificate of designations relating to any series or class of Preferred Stock) inconsistent with this Article VII, shall adversely affect any rights to indemnification and to the advancement of expenses of a director or officer of the Corporation existing at the time of such alteration, amendment, addition to, repeal or adoption with respect to any acts or omissions occurring prior to such alteration, amendment, addition to, repeal or adoption.

ARTICLE VIII

Section 8.1. Delaware. Meetings of stockholders may be held within or without the State of Delaware, as the Bylaws may provide. The books of the Corporation may be kept (subject to any provision contained in the DGCL) outside the State of Delaware at such place or places as may be designated from time to time by the Board of Directors or in the Bylaws of the Corporation.

ARTICLE IX

Section 9.1. Non-Citizen Voting Limitation. All (i) capital stock of, or other equity interests in, the Corporation, (ii) securities convertible into or exchangeable for shares of capital stock, voting securities or other equity interests in the Corporation, and (iii) options, warrants or other rights to acquire the securities described in clauses (i) and (ii), whether fixed or contingent, matured or unmatured, contractual, legal, equitable or otherwise (collectively, "Equity Securities") shall be subject to the following limitations:

(a) Non-Citizen Voting Limitation. In no event shall the total number of shares of Equity Securities held by all Persons (as defined below) who fail to qualify as a "citizen of the United States," as the term is used in Section 40102(a)(15) of Title 49 of the United States Code, in any similar legislation of the United States enacted in substitution or replacement thereof, and as interpreted by the Department of Transportation (a "U.S. Citizen"), be entitled to be more than 24.9% (or such other maximum percentage as such Section or substitute or replacement legislation shall hereafter provide) of the aggregate votes of all outstanding Equity Securities (the "Cap Amount"). In the event the total number of Equity Securities held by Persons who fail to qualify as a U.S. Citizen would otherwise entitle such holders to vote more than the Cap Amount, then the number of votes such holders shall be entitled to vote with respect to all Equity Securities held by such holders shall be reduced by such amount such that the total number of votes such holders of Equity Securities shall be entitled to vote shall equal the Cap Amount.

(b) Allocation of Cap Amounts. The restrictions imposed by the Cap Amount shall be applied pro rata among the holders of Equity Securities who fail to qualify as U.S. Citizens based on the number of votes to which the underlying Equity Securities are entitled.

Section 9.2. Legends. Each certificate, notice or other representative document for Equity Securities (including each such certificate, notice or representative document for Equity Securities issued upon any permitted transfer of Equity Securities) shall contain a legend in substantially the following form:

“The [**type of Equity Securities**] represented by this [**certificate/notice/representative document**] are subject to voting restrictions with respect to [**shares/warrants, etc.**] held by persons or entities that fail to qualify as “citizens of the United States” as the term is used in Section 40102(a)(15) of Title 49 of the United States Code. Such voting restrictions are contained in the Second Amended and Restated Certificate of Incorporation of Era Group Inc., as the same may be amended or restated from time to time. A complete and correct copy of the Second Amended and Restated Certificate of Incorporation shall be furnished free of charge to the holder of such shares of [**type of Equity Securities**] upon written request to the Secretary of the Corporation.”

Section 9.3. **Beneficial Ownership Inquiry.**

(a) The Corporation may by notice in writing (which may be included in the form of proxy or ballot distributed to stockholders of the Corporation in connection with the annual meeting (or any special meeting) of the stockholders of the Corporation, or otherwise) require any person or entity of any nature whatsoever, specifically including an individual, corporation, limited liability company, partnership, trust or other entity (a “Person”) that is a holder of record of Equity Securities or that the Corporation knows to have, or has reasonable cause to believe has, Beneficial Ownership of Equity Securities to certify in such manner as the Corporation shall deem appropriate (including by way of execution of any form of proxy or ballot by such Person) that, to the knowledge of such Person:

(i) all Equity Securities as to which such Person has record ownership or Beneficial Ownership are owned and controlled only by U.S. Citizens; or

(ii) the number and class or series of Equity Securities owned of record or that are Beneficially Owned by such Person that are owned or controlled by Persons who are not U.S. Citizens are as set forth in such certification.

“Beneficial Ownership” and “Beneficially Owned” as used herein refers to beneficial ownership as defined in Rule 13d-3 (without regard to the 60-day provision in paragraph (d)(1)(i) thereof) under the United States Securities Exchange Act of 1934, as amended.

(b) With respect to any Equity Securities identified by such Person in response to Section 9.3(a)(ii) of this Article IX, the Corporation may require such Person to provide such further information as the Corporation may reasonably require in order to implement the provisions of this Article IX.

Section 9.4. **Board Authority.** A majority of the Board of Directors shall have the exclusive power to determine all matters necessary to determine compliance with this Article IX, and the good faith determination of a majority of the Board of Directors on such matters shall be conclusive and binding for all the purposes of this Article IX.

ARTICLE X

Section 10.1. **Forum.** Unless the Corporation consents in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware shall be the sole and exclusive forum for (i) any derivative action or proceeding brought on behalf of the Corporation, (ii) any action asserting a claim of breach of a fiduciary duty owed by any director, officer or other employee of the Corporation to the Corporation or the Corporation’s stockholders, (iii) any action asserting a claim arising pursuant to any provision of the DGCL or (iv) any action asserting a claim governed by the internal affairs doctrine. Any person or entity purchasing or otherwise acquiring any interest in shares of capital stock of the Corporation shall be deemed to have notice of and consented to the provisions of this Article X.

ARTICLE XI

Section 11.1. **Amendment.** The Corporation reserves the right to amend, alter, change, or repeal any provision contained in this Certificate of Incorporation but only in the manner now or hereafter prescribed in this Certificate of Incorporation, the Corporation’s Bylaws or the DGCL, and all rights herein conferred upon stockholders are granted subject to such reservation.

ARTICLE XII

Section 12.1. Bylaws. The Board of Directors is expressly empowered to adopt, amend or repeal the Bylaws of the Corporation. Any adoption, amendment or repeal of the Bylaws of the Corporation by the Board of Directors shall require the approval of a majority of the directors then in office. The stockholders shall also have power to adopt, amend or repeal the Bylaws of the Corporation; provided, however, that, in addition to any vote of the holders of any class or series of stock of the Corporation required by law or by this Certificate of Incorporation, the affirmative vote of the holders of a majority of the voting power of all of the then outstanding shares of the capital stock of the Corporation entitled to vote thereon, voting together as a single class, shall be required to adopt, amend or repeal any provision of the Bylaws of the Corporation.

IN WITNESS WHEREOF, the Corporation has caused this Amended and Restated Certificate of Incorporation to be executed on its behalf.

Era Group Inc.

By: /s/ Christopher Bradshaw _____

Name: Christopher Bradshaw

Title: Chief Executive Officer

[SIGNATURE PAGE TO AMENDED AND RESTATED CERTIFICATE OF INCORPORATION OF ERA GROUP INC.]

**AMENDED AND RESTATED BYLAWS OF
ERA GROUP INC.**

(a Delaware corporation) Effective July 14, 2018

ARTICLE I STOCKHOLDERS

Section 1.01. Annual Meetings. The annual meeting of the stockholders of the Corporation for the election of directors and for the transaction of such other business as properly may come before such meeting shall be held at such place, either within or without the State of Delaware, or, within the sole discretion of the Board of Directors, and subject to such guidelines and procedures as the Board of Directors may adopt, by means of remote communication and at such date and at such time, as may be fixed from time to time by resolution of the Board of Directors and set forth in the notice or waiver of notice of the meeting.

Section 1.02. Special Meetings. Special meetings of the stockholders of the Corporation, for any purpose or purposes, may be called at any time, but only by or at the direction of a majority of the directors then in office or the Chief Executive Officer of the Corporation. Such special meetings of the stockholders shall be held at such places, within or without the State of Delaware, or, within the sole discretion of the Board of Directors, and subject to such guidelines and procedures as the Board of Directors may adopt, by means of remote communication, as shall be specified in the respective notices or waivers of notice thereof. The ability of stockholders to call a special meeting of stockholders is specifically denied.

Section 1.03. Action by Written Consent of Stockholders. Subject to the terms of any one or more series or classes of Preferred Stock, any action required or permitted to be taken by the stockholders of the Corporation must be effected at a duly called annual meeting or special meeting of stockholders of the Corporation and may not be effected by any consent in writing by such stockholders.

Section 1.04. Notice of Meetings; Waiver.

(a) The Secretary of the Corporation or any Assistant Secretary shall cause written notice of the place, if any, date and hour of each meeting of the stockholders, and, in the case of a special meeting, the purpose or purposes for which such meeting is called, and the means of remote communication, if any, by which stockholders and proxyholders may be deemed to be present in person and vote at such meeting, to be given personally by mail or by electronic transmission, or as otherwise provided in these Bylaws, not fewer than ten (10) nor more than sixty (60) days prior to the meeting, to each stockholder of record entitled to vote at such meeting. If such notice is mailed, it shall be deemed to have been given personally to a stockholder when deposited in the United States mail, postage prepaid, directed to the stockholder at his or her address as it appears on the record of stockholders of the Corporation, or, if a stockholder shall have filed with the Secretary of the Corporation a written request that notices to such stockholder be mailed to some other address, then directed to such stockholder at such other address. Such further notice shall be given as may be required by law.

(b) A written waiver of any notice of any annual or special meeting signed by the person entitled thereto, or a waiver by electronic transmission by the person entitled to notice, shall be deemed equivalent to notice. Neither the business to be transacted at, nor the purpose of, any annual or special meeting of the stockholders need be specified in a written waiver of notice.

Attendance of a stockholder at a meeting of stockholders shall constitute a waiver of notice of such meeting, except when the stockholder attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business on the ground that the meeting is not lawfully called or convened.

(c) For notice given by electronic transmission to a stockholder to be effective, such stockholder must consent to the Corporation's giving notice by that particular form of electronic transmission. A stockholder may revoke consent to receive notice by electronic transmission by written notice to the Corporation. A stockholder's consent to notice by electronic transmission is automatically revoked if the Corporation is unable to deliver two consecutive electronic transmission notices and such inability becomes known to the Secretary of the Corporation, any Assistant Secretary, the transfer agent or other person responsible for giving notice.

(d) Notices are deemed given (i) if by facsimile, when faxed to a number where the stockholder has consented to receive notice; (ii) if by electronic mail, when mailed electronically to an electronic mail address at which the stockholder has consented to receive such notice; (iii) if by posting on an electronic network (such as a website or chatroom) together with a separate notice to the stockholder of such specific posting, upon the later to occur of (A) such posting or (B) the giving of the separate notice of such posting; or (iv) if by any other form of electronic communication, when directed to the stockholder in the manner consented to by the stockholder.

(e) If a stockholder meeting is to be held by means of remote communication and stockholders will take action at such meeting, the notice of such meeting must: (i) specify the means of remote communication, if any, by which stockholders and proxyholders may be deemed to be present and vote at such meeting; and (ii) provide the information required to access the stockholder list. A waiver of notice may be given by electronic transmission.

Section 1.05. Quorum. Except as otherwise required by law or by the Certificate of Incorporation, at each meeting of stockholders the presence in person or by proxy of the holders of record of a majority in voting power of the shares entitled to vote at a meeting of stockholders shall constitute a quorum for the transaction of business at such meeting. Shares of its own stock belonging to the Corporation or to another corporation, if a majority of the shares entitled to vote in the election of directors of such other corporation is held, directly or indirectly, by the Corporation, shall neither be entitled to vote nor be counted for quorum purposes; provided, however, that the foregoing shall not limit the right of the Corporation or any subsidiary of the Corporation to vote stock, including but not limited to its own stock, held by it in a fiduciary capacity.

Section 1.06. Voting. Except as otherwise provided by law or by the Certificate of Incorporation, each stockholder of record of any series of Preferred Stock shall be entitled at each meeting of the stockholders to such number of votes, if any, for each share of such stock as may be fixed in the Certificate of Incorporation or in the resolution or resolutions adopted by the Board providing for the issuance of such stock, each stockholder of record of Common Stock shall be entitled at each meeting of the stockholders to one vote for each such share of such stock registered in such stockholder's name on the books of the Corporation on the date fixed pursuant to Section 5.05 of Article V of these Bylaws as the record date for the determination of stockholders entitled to notice of and to vote at such meeting.

Unless otherwise required by law, the Certificate of Incorporation or these Bylaws, directors shall be elected by a plurality of the votes of the shares present in person or represented by proxy at a meeting and

voting for nominees in the election of directors, and in all other matters, the affirmative vote of the majority of shares present in person or represented by proxy at a meeting and voting on the subject matter shall be the act of the stockholders.

Section 1.07. Voting by Ballot. No vote of the stockholders on an election of directors need be taken by written ballot or by electronic transmission unless otherwise required by law. Any vote not required to be taken by ballot or by electronic transmission may be conducted in any manner approved by the Board of Directors prior to the meeting at which such vote is taken.

Section 1.08. Postponement and Adjournment. Any meeting of stockholders may be postponed by action of the Board of Directors at any time in advance of such meeting. If a quorum is not present at any meeting of the stockholders, the chairman of such meeting shall have the power to adjourn the meeting without a vote of the stockholders. Notice of any adjourned meeting of the stockholders of the Corporation need not be given if the place, if any, date and hour thereof are announced at the meeting at which the adjournment is taken, provided, however, that if the adjournment is for more than thirty (30) days, or if after the adjournment a new record date for the adjourned meeting is fixed pursuant to Section 5.5 of these Bylaws, a notice of the adjourned meeting, conforming to the requirements of Section 1.04 of these Bylaws, shall be given to each stockholder of record entitled to vote at such meeting. At any adjourned meeting at which a quorum is present, any business may be transacted that might have been transacted on the original date of the meeting.

Section 1.09. Proxies. Any stockholder entitled to vote at any meeting of the stockholders may authorize another person or persons to vote at any such meeting and express such vote on behalf of him or her by proxy. A stockholder may authorize a valid proxy by executing a written instrument signed by such stockholder, or by causing his or her signature to be affixed to such writing by any reasonable means including, but not limited to, by facsimile signature, or by transmitting or authorizing the transmission of a telegram, cablegram or other means of electronic transmission to the person designated as the holder of the proxy, a proxy solicitation firm or a like authorized agent. No such proxy shall be voted or acted upon after the expiration of three (3) years from the date of such proxy, unless such proxy provides for a longer period. Every proxy shall be revocable at the pleasure of the stockholder executing it, except in those cases where applicable law provides that a proxy shall be irrevocable. A stockholder may revoke any proxy which is not irrevocable by attending the meeting and voting in person or by filing with the Secretary of the Corporation either an instrument in writing revoking the proxy or another duly executed proxy bearing a later date. Proxies by telegram, cablegram or other electronic transmission must either set forth or be submitted with information from which it can be determined that the telegram, cablegram or other electronic transmission was authorized by the stockholder. Any copy, facsimile telecommunication or other reliable reproduction of a writing or transmission created pursuant to this section may be substituted or used in lieu of the original writing or transmission for any and all purposes for which the original writing or transmission could be used, provided that such copy, facsimile telecommunication or other reproduction shall be a complete reproduction of the entire original writing or transmission.

Section 1.10. Organization; Procedure. At every meeting of stockholders the chairman of such meeting shall be the Chairman of the Board or, if no Chairman of the Board has been elected or in the event of his or her absence or disability, a chairman chosen by the Board of Directors. The Secretary of the Corporation, or in the event of his or her absence or disability, an Assistant Secretary, if any, or if there be no Assistant Secretary, in the absence of the Secretary of the Corporation, an appointee of the chairman of the meeting, shall act as Secretary of the meeting. The order of business and all other matters of procedure at every meeting of stockholders may be determined by the chairman of such meeting.

Section 1.11. Business at Annual and Special Meetings. No business may be transacted at an annual or special meeting of stockholders other than business that is:

(a) specified in a notice of meeting (or any supplement thereto) given by or at the direction of the Board of Directors or a duly authorized committee thereof;

(b) otherwise brought before the meeting by or at the direction of the Board of Directors or a duly authorized committee thereof or any authorized officer of the Corporation to whom the Board of Directors or such committee shall have delegated such authority; or

(c) otherwise brought before the meeting by a "Noticing Stockholder" who complies with the notice procedures set forth in Section 1.12 of these Bylaws.

A "Noticing Stockholder" must be either a "Record Holder" or a "Nominee Holder." A "Record Holder" is a stockholder that holds of record stock of the Corporation entitled to vote at the meeting on the business (including any election of a director) to be appropriately conducted at the meeting. A "Nominee Holder" is a stockholder that holds such stock through a nominee or "street name" holder of record and can demonstrate to the Corporation such indirect ownership of such stock and such Nominee Holder's entitlement to vote such stock on such business. Clause (c) of this Section 1.11 shall be the exclusive means for a Noticing Stockholder to make director nominations or submit other business before a meeting of stockholders (other than proposals brought under Rule 14a-8 under the Exchange Act and included in the Corporation's notice of meeting, which proposals are not governed by these Bylaws). Notwithstanding anything in these Bylaws to the contrary, no business shall be conducted at a stockholders' meeting except in accordance with the procedures set forth in Section 1.11 and Section 1.12 of these Bylaws.

Section 1.12. Notice of Stockholder Business and Nominations. In order for a Noticing Stockholder to properly bring any item of business before a meeting of stockholders, the Noticing Stockholder must give timely notice thereof in writing to the Secretary of the Corporation in compliance with the requirements of this Section 1.12. Section 1.12 shall constitute an "advance notice provision" for annual meetings for purposes of Rule 14a-4(c)(1) under the Exchange Act.

(a) To be timely, a Noticing Stockholder's notice shall be delivered to the Secretary at the principal executive offices of the Corporation:

(i) in the case of an annual meeting of stockholders, not earlier than the close of business on the 120th day and not later than the close of business on the 90th day prior to the first anniversary of the preceding year's annual meeting; provided, however, that in the event the date of the annual meeting is more than 30 days before or more than 60 days after such anniversary date, notice by the stockholder to be timely must be so delivered not earlier than the close of business on the 120th day prior to the date of such annual meeting and not later than the close of business on the later of the 90th day prior to the date of such annual meeting or, if the first public announcement of the date of such annual meeting is less than 100 days prior to the date of such annual meeting, the 10th day following the day on which public announcement of the date of such meeting is first made by the Corporation; and

(ii) in the case of a special meeting of stockholders (called for the purpose of electing directors, not earlier than the close of business on the one-hundred twentieth (120th) day prior to such special meeting and not later than the close of business on the later of the ninetieth (90th) day prior to such special meeting or the tenth (10th) day following the date on which notice of the date of the special meeting was mailed or public disclosure of the date of the special meeting was made, whichever first occurs. In no event shall any adjournment or postponement of an annual or special meeting, or the announcement thereof, commence a new time period for the giving of a stockholder's notice as described above.

(b) To be in proper form, whether in regard to a nominee for election to the Board of Directors or

other business, a Noticing Stockholder's notice to the Secretary must:

(i) set forth, as to the Noticing Stockholder and, if the Noticing Stockholder holds for the benefit of another, the beneficial owner on whose behalf the nomination or proposal is made, the following information together with a representation as to the accuracy of the information:

(A) the name and address of the Noticing Stockholder as they appear on the Corporation's books and, if the Noticing Stockholder holds for the benefit of another, the name and address of such beneficial owner (collectively, the "Holder");

(B) the class or series and number of shares of the Corporation that are, directly or indirectly, owned beneficially and/or of record, and the date such ownership was acquired;

(C) any option, warrant, convertible security, stock appreciation right, or similar right with an exercise or conversion privilege or a settlement payment or mechanism at a price related to any class or series of shares of the Corporation or with a value derived in whole or in part from the value of any class or series of shares of the Corporation, whether or not the instrument or right shall be subject to settlement in the underlying class or series of capital stock of the Corporation or otherwise (a "Derivative Instrument") that is directly or indirectly owned beneficially by the Holder or any Stockholder Associated Person of the Noticing Stockholder and any other direct or indirect opportunity to profit or share in any profit derived from any increase or decrease in the value of shares of the Corporation;

(D) any proxy, contract, arrangement, understanding, or relationship pursuant to which the Holder has a right to vote or has granted a right to vote any shares of any security of the Corporation;

(E) any short interest in any security of the Corporation (for purposes of these Bylaws, a person shall be deemed to have a short interest in a security if the Holder or any Stockholder Associated Person of the Noticing Stockholder directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, has the opportunity to profit or share in any profit derived from any decrease in the value of the subject security);

(F) any rights to dividends on the shares of the Corporation owned beneficially by the Holder that are separated or separable from the underlying shares of the Corporation;

(G) any proportionate interest in shares of the Corporation or Derivative Instruments held, directly or indirectly, by a general or limited partnership or limited liability company or similar entity in which the Holder or any Stockholder Associated Person of the Noticing Stockholder is a general partner or, directly or indirectly, beneficially owns an interest in a general partner, is the manager, managing member or directly or indirectly beneficially owns an interest in the manager or managing member of a limited liability company or similar entity;

(H) any performance-related fees (other than an asset-based fee) that the Holder or any Stockholder Associated Person of the Noticing Stockholder is entitled to based on any increase or decrease in the value of shares of the Corporation or Derivative Instruments, if any;

(I) any arrangements, rights, or other interests described in Sections 1.12(b)(i)(C)-(H) held by members of such Holder's immediate family sharing the same household;

(J) a representation that the Noticing Stockholder intends to appear in person or by proxy at the meeting to nominate the person(s) named or propose the business specified in the notice and whether or not such stockholder intends to deliver a proxy statement and/or form of proxy to holders

of at least the percentage of the Corporation's outstanding shares required to approve the nomination(s) or the business proposed and/or otherwise to solicit proxies from stockholders in support of the nomination(s) or the business proposed;

(K) a certification regarding whether or not such stockholder and Stockholder Associated Persons have complied with all applicable federal, state and other legal requirements in connection with such stockholder's and/or Stockholder Associated Persons' acquisition of shares or other securities of the Corporation and/or such stockholder's and/or Stockholder Associated Persons' acts or omissions as a stockholder of the Corporation;

(L) any other information relating to the Holder that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for, as applicable, the proposal and/or for the election of directors in a contested election pursuant to Section 14 of the Exchange Act and the rules and regulations thereunder; and

(M) any other information as reasonably requested by the Corporation.

Such information shall be provided as of the date of the notice and shall be supplemented by the Holder not later than ten (10) days after the record date for the meeting to disclose such ownership as of the record date.

(ii) if the notice relates to any business other than a nomination of a director or directors that the stockholder proposes to bring before the meeting, set forth:

(A) a brief description of the business desired to be brought before the meeting (including the text of any resolutions proposed for consideration), the reasons for conducting such business at the meeting, and any material direct or indirect interest of the Holder or any Stockholder Associated Persons in such business; and

(B) a description of all agreements, arrangements and understandings, direct and indirect, between the Holder, and any other person or persons (including their names) in connection with the proposal of such business by the Holder.

(iii) as to each person, if any, whom the Holder proposes to nominate for election or reelection to the Board of Directors, set forth:

(A) all information relating to the nominee (including, without limitation, the nominee's name, age, business and residence address and principal occupation or employment and the class or series and number of shares of capital stock of the Corporation that are owned beneficially or of record by the nominee) that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of directors in a contested election pursuant to Section 14 of the Exchange Act and the rules and regulations thereunder (including such person's written consent to being named in the proxy statement as a nominee and to serving as a director if elected);

(B) a description of any agreements, arrangements and understandings between or among such stockholder or any Stockholder Associated Person, on the one hand, and any other persons (including any Stockholder Associated Person), on the other hand, in connection with the nomination of such person for election as a director; and

(C) a description of all direct and indirect compensation and other material monetary agreements, arrangements, and understandings during the past three (3) years, and any other material relationships, between or among the Holder and respective affiliates and associates, or others

acting in concert therewith, on the one hand, and each proposed nominee, and his or her respective affiliates and associates, or others acting in concert therewith, on the other hand, including, without limitation all information that would be required to be disclosed pursuant to Item 404 of Regulation S-K if the Holder making the nomination or on whose behalf the nomination is made, if any, or any affiliate or associate thereof or person acting in concert therewith, were the "registrant" for purposes of Item 404 and the nominee were a director or executive officer of such registrant.

(iv) with respect to each nominee for election or reelection to the Board of Directors, include a completed and signed questionnaire, representation, and agreement required by Section 1.13 of these Bylaws. The Corporation may require any proposed nominee to furnish such other information as may reasonably be required by the Corporation to determine the eligibility of the proposed nominee to serve as an independent director of the Corporation or that could be material to a reasonable stockholder's understanding of the independence, or lack thereof, of the nominee.

(c) Notwithstanding anything in Section 1.12(a) to the contrary, if the number of directors to be elected to the Board of Directors is increased and there is no public announcement by the Corporation naming all of the nominees for director or specifying the size of the increased Board of Directors at least one hundred (100) days prior to the first anniversary of the preceding year's annual meeting, a stockholder's notice required by these Bylaws shall also be considered timely, but only with respect to nominees for any new positions created by such increase, if it shall be delivered to the Secretary at the principal executive offices of the Corporation not later than the close of business on the tenth (10th) day following the day on which the public announcement naming all nominees or specifying the size of the increased Board of Directors is first made by the Corporation.

(d) For purposes of these Bylaws:

(i) "public announcement" shall mean disclosure in a press release reported by a national news service or in a document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to Section 13, 14, or 15(d) of the Exchange Act and the rules and regulations thereunder;

(ii) "Stockholder Associated Person" means, with respect to any stockholder, (A) any person acting in concert with such stockholder, (B) any beneficial owner of shares of stock of the Corporation owned of record or beneficially by such stockholder (other than a stockholder that is a depository) and (C) any person controlling, controlled by or under common control with any stockholder, or any Stockholder Associated Person identified in clauses (A) or (B) above; and

(iii) "Affiliate" and "Associate" are defined by reference to Rule 12b-2 under the Securities Exchange Act of 1934. An "Affiliate" is any "person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the person specified." "Control" is defined as the "possession, direct or indirect, of the power to direct or cause the direction of the management policies of a person, whether through the ownership of voting securities, by contract, or otherwise." The term "Associate" of a person means: (A) any corporation or organization (other than the registrant or a majority-owned subsidiary of the registrant) of which such person is an officer or partner or is, directly or indirectly, the beneficial owner of 10 percent or more of any class of equity securities, (B) any trust or other estate in which such person has a substantial beneficial interest or as to which such person serves as trustee or in a similar fiduciary capacity, and (C) any relative or spouse of such person, or any relative of such spouse, who has the same home as such person or who is a director or officer of the registrant or any of its parents or subsidiaries.

(e) Only those persons who are nominated in accordance with the procedures set forth in these Bylaws shall be eligible to serve as directors. Only such business shall be conducted at a meeting of

stockholders as shall have been brought before the meeting in accordance with the procedures set forth in these Bylaws, provided, however, that, once business has been properly brought before the meeting in accordance with Section 1.12, nothing in this Section 1.12(e) shall be deemed to preclude discussion by any stockholder of such business. If any information submitted pursuant to this Section 1.12 by any stockholder proposing a nominee(s) for election as a director at a meeting of stockholders is inaccurate in any material respect, such information shall be deemed not to have been provided in accordance with Section 1.12. Except as otherwise provided by law, the Certificate of Incorporation, or these Bylaws, the chairman of the meeting shall have the power and duty to determine whether a nomination or any business proposed to be brought before the meeting was made or proposed, as the case may be, in compliance with the procedures set forth in these Bylaws and, if he or she should determine that any proposed nomination or business is not in compliance with these Bylaws, he or she shall so declare to the meeting and any such nomination or business not properly brought before the meeting shall be disregarded or not be transacted.

(f) Notwithstanding the foregoing provisions of these Bylaws, a Noticing Stockholder also shall comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to the matters set forth in these Bylaws; provided, however, that any references in these Bylaws to the Exchange Act or the rules thereunder are not intended to and shall not limit the requirements applicable to nominations or proposals as to any other business to be considered pursuant to Section 1.11 or Section 1.12 of these Bylaws.

(g) Nothing in these Bylaws shall be deemed to (i) affect any rights of (A) stockholders to request inclusion of proposals in the Corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act or (B) the holders of any series or class of Preferred Stock, if any, if so provided under any applicable certificate of designation for such Preferred Stock or (ii) affect any rights of any holders of common stock pursuant to a stockholders' agreement with the Company or impose any requirements, restrictions or limitations under Sections 1.11, 1.12 or 1.13 of these Bylaws unless expressly imposed by such stockholders' agreement.

Section 1.13. Submission of Questionnaire, Representation and Agreement. To be eligible to be a nominee for election or reelection as a director of the Corporation by a Holder, a person must complete and deliver (in accordance with the time periods prescribed for delivery of notice under Section 1.12 of these Bylaws) to the Secretary at the principal executive offices of the Corporation a written questionnaire providing the information requested about the background and qualifications of such person and the background of any other person or entity on whose behalf the nomination is being made and a written representation and agreement (the questionnaire, representation, and agreement to be in the form provided by the Secretary upon written request) that such person:

(a) is not and will not become a party to:

(i) any agreement, arrangement or understanding with, and has not given any commitment or assurance to, any person or entity as to how the person, if elected as a director of the Corporation, will act or vote on any issue or question (a "Voting Commitment") that has not been disclosed to the Corporation, or

(ii) any Voting Commitment that could limit or interfere with the person's ability to comply, if elected as a director of the Corporation, with the person's fiduciary duties under applicable law;

(b) is not and will not become a party to any agreement, arrangement or understanding with any person or entity other than the Corporation with respect to any direct or indirect compensation, reimbursement, or indemnification in connection with service or action as a director that has not been

disclosed therein; and

(c) in the person's individual capacity and on behalf of any person or entity on whose behalf the nomination is being made, would be in compliance, if elected as a director of the Corporation, and will comply with all applicable publicly disclosed corporate governance, conflict of interest, confidentiality, and stock ownership and trading policies and guidelines of the Corporation.

Section 1.14. Inspectors of Elections. Preceding any meeting of the stockholders, the Board of Directors shall appoint one (1) or more persons to act as "inspectors" of elections, and may designate one

(1) or more alternate inspectors. In the event no inspector or alternate is able to act, the chairman of such meeting shall appoint one (1) or more inspectors to act at the meeting. Each inspector, before entering upon the discharge of the duties of an inspector, shall take and sign an oath faithfully to execute the duties of inspector with strict impartiality and according to the best of his or her ability. The inspector shall:

(a) ascertain the number of shares outstanding and the voting power of each;

(b) determine the shares represented at a meeting and the validity of proxies and ballots;

(c) specify the information relied upon to determine the validity of electronic transmissions in accordance with Section 1.09 of these Bylaws;

(d) count all votes and ballots;

(e) determine and retain for a reasonable period a record of the disposition of any challenges made to any determination by the inspectors;

(f) certify his or her determination of the number of shares represented at the meeting, and his or her count of all votes and ballots;

(g) appoint or retain other persons or entities to assist in the performance of the duties of inspector; and

(h) when determining the shares represented and the validity of proxies and ballots, be limited to an examination of the proxies, any envelopes submitted with those proxies, any information provided in accordance with Section 1.09 of these Bylaws, ballots and the regular books and records of the Corporation. The inspector may consider other reliable information for the limited purpose of reconciling proxies and ballots submitted by or on behalf of banks, brokers or their nominees or a similar person which represent more votes than the holder of a proxy is authorized by the record owner to cast or more votes than the stockholder holds of record. If the inspector considers other reliable information as outlined in this section, the inspector, at the time of his or her certification pursuant to paragraph (f) of this section, shall specify the precise information considered, the person or persons from whom the information was obtained, when this information was obtained, the means by which the information was obtained, and the basis for the inspector's belief that such information is accurate and reliable.

Section 1.15. Opening and Closing of Polls. The date and time for the opening and the closing of the polls for each matter to be voted upon at a stockholder meeting shall be announced at the meeting.

The inspector shall be prohibited from accepting any ballots, proxies or votes or any revocations thereof or changes thereto after the closing of the polls, unless the Delaware Court of Chancery upon application by a stockholder shall determine otherwise.

Section 1.16. List of Stockholders Entitled to Vote. The officer of the Corporation who has charge of the stock ledger of the Corporation shall prepare and make, at least ten (10) days before every meeting of the stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten (10) days prior to the meeting either (i) on a reasonably accessible electronic network, provided that the information required to gain access to such list is provided with the notice of the meeting, or (ii) during ordinary business hours, at the principal place of business of the Corporation. In the event that the Corporation determines to make the list available on an electronic network, the Corporation may take reasonable steps to ensure that such information is available only to stockholders of the Corporation. If the meeting is to be held at a place, then the list shall be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present.

Section 1.17. Stock Ledger. The stock ledger of the Corporation shall be the only evidence as to who are the stockholders entitled to examine the stock ledger, the list required by Section 1.16 of this Article I or the books of the Corporation, or to vote in person or by proxy at any meeting of the stockholders.

ARTICLE II BOARD OF DIRECTORS

Section 2.01. General Powers. Except as may otherwise be provided by law, the Certificate of Incorporation or these Bylaws, the business and affairs of the Corporation shall be managed by or under the direction of the Board of Directors. In addition to the powers and authority expressly conferred upon them by applicable law or by the Certificate of Incorporation or these Bylaws, the Board of Directors is hereby empowered to exercise all such powers and do all such acts and things as may be exercised or done by the Corporation, except as otherwise specifically required by law or as otherwise provided in the Certificate of Incorporation.

Section 2.02. Number of Directors. Upon the Amended and Restated Certificate of Incorporation becoming effective pursuant to the General Corporation Law of the State of Delaware (the "Effective Time"), the total number of directors constituting the entire Board of Directors shall be seven. Thereafter, subject to the terms of any one or more series or classes of Preferred Stock, the total number of directors constituting the entire Board of Directors shall consist of not less than three (3) nor more than fifteen (15) members, the exact number of which shall be fixed from time to time exclusively by resolution adopted by the affirmative vote of a majority of the entire Board of Directors.

Section 2.03. Term. The Board of Directors shall be elected by the stockholders at their annual meeting, and each director shall hold office until the next annual meeting of stockholders and until his or her successor shall be elected and shall qualify, subject, however, to prior death, resignation, retirement or removal from office.

Section 2.04. The Chairman of the Board. The directors may elect from among the members of the Board a "Chairman of the Board." The Chairman of the Board shall, if present, preside over all meetings of the stockholders and of the Board of Directors. The Board of Directors shall by resolution establish a procedure to provide for an acting Chairman of the Board in the event the most recently elected Chairman of the Board is unable to serve or act in that capacity.

Section 2.05. Annual and Regular Meetings. The annual meeting of the Board of Directors for the purpose of electing officers and for the transaction of such other business as may come before the meeting shall be held after the annual meeting of the stockholders and may be held at such places within or without the State of Delaware and at such times as the Board may from time to time determine, and if so determined notice thereof need not be given. Notice of such annual meeting of the Board of Directors need not be given. The Board of Directors from time to time may by resolution provide for the holding of

regular meetings and fix the place (which may be within or without the State of Delaware) and the date and hour of such meetings. Notice of regular meetings need not be given, provided, however, that if the Board of Directors shall fix or change the time or place of any regular meeting, notice of such action shall be mailed promptly, or sent by telephone, including a voice messaging system or other system or technology designed to record and communicate messages, telegraph, facsimile, electronic mail or other electronic means, to each director who shall not have been present at the meeting at which such action was taken, addressed to him or her at his or her usual place of business, or shall be delivered to him or her personally. Notice of such action need not be given to any director who attends the first regular meeting after such action is taken without protesting the lack of notice to him or her, prior to or at the commencement of such meeting, or to any director who submits a signed waiver of notice, whether before or after such meeting.

Section 2.06. Special Meetings; Notice. Special meetings of the Board of Directors shall be held whenever called by the Chairman of the Board, Chief Executive Officer (or, in the event of his or her absence or disability, by the President or any Senior Vice President), or by the Board of Directors pursuant to the following sentence, at such place (within or without the State of Delaware), date and hour as may be specified in the respective notices or waivers of notice of such meetings. Special meetings of the Board of Directors also may be held whenever called pursuant to a resolution approved by a majority of the entire Board of Directors. Special meetings of the Board of Directors may be called on twenty-four

(24) hours' notice, if notice is given to each director personally or by telephone, including a voice messaging system, or other system or technology designed to record and communicate messages, telegraph, facsimile, electronic mail or other electronic means, or on five (5) days' notice, if notice is mailed to each director, addressed to him or her at his or her usual place of business or to such other address as any director may request by notice to the Secretary. Notice of any special meeting need not be given to any director who attends such meeting without protesting the lack of notice to him or her, prior to or at the commencement of such meeting, or to any director who submits a signed waiver of notice, whether before or after such meeting, and any business may be transacted thereat.

Section 2.07. Quorum; Voting. At all meetings of the Board of Directors, the presence of at least a majority of the total authorized number of directors shall constitute a quorum for the transaction of business. Except as otherwise required by law or by the Certificate of Incorporation or these Bylaws, the vote of at least a majority of the directors present at any meeting at which a quorum is present shall be the act of the Board of Directors.

Section 2.08. Adjournment. A majority of the directors present, whether or not a quorum is present, may adjourn any meeting of the Board of Directors to another time or place. No notice need be given of any adjourned meeting unless the time and place of the adjourned meeting are not announced at the time of adjournment, in which case notice conforming to the requirements of Section 2.05 of these Bylaws shall be given to each director.

Section 2.09. Action Without a Meeting. Any action required or permitted to be taken at any meeting of the Board of Directors may be taken without a meeting if all members of the Board of Directors consent thereto in writing or by electronic transmission, and such writing, writings or electronic transmission or transmissions are filed with the minutes of proceedings of the Board of Directors. Such filing shall be in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form.

Section 2.10. Regulations; Manner of Acting. To the extent consistent with applicable law, the Certificate of Incorporation and these Bylaws, the Board of Directors may adopt by resolution such rules and regulations for the conduct of meetings of the Board of Directors and for the management of the property, affairs and business of the Corporation as the Board of Directors may deem appropriate. The directors shall act only as a Board of Directors and the individual directors shall have no power in their

individual capacities unless expressly authorized by the Board of Directors.

Section 2.11. Action by Telephonic Communications. Members of the Board of Directors may participate in a meeting of the Board of Directors by means of conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting pursuant to this provision shall constitute presence in person at such meeting.

Section 2.12. Resignations. Any director may resign at any time by submitting an electronic transmission or by delivering a written notice of resignation, signed by such director, to the Chairman of the Board or the Secretary. Unless otherwise specified therein, such resignation shall take effect upon delivery.

Section 2.13. Removal of Directors. Subject to the terms of any one or more series or classes of Preferred Stock, any director may be removed from office at any time, with or without cause, by the affirmative vote of the holders of at least a majority of the voting power of the then outstanding voting stock, voting together as a single class.

Section 2.14. Vacancies and Newly Created Directorships. Subject to the terms of any one or more series or classes of Preferred Stock, any vacancies in the Board of Directors for any reason and any newly created directorships resulting by reason of any increase in the number of directors shall be filled only by the Board of Directors (and not by the stockholders), acting by a majority of the remaining directors then in office, even if less than a quorum, or by a sole remaining director, and any directors so appointed shall hold office until the next election of the class of directors to which such directors have been appointed and until their successors are duly elected and qualified. No decrease in the number of authorized directors shall shorten the term of any incumbent director.

Section 2.15. Compensation. The amount, if any, which each director shall be entitled to receive as compensation for such director's services, shall be fixed from time to time by resolution of the Board of Directors or any committee thereof. The directors may be paid their expenses, if any, of attendance at each meeting of the Board of Directors and may be paid a fixed sum for attendance at each meeting of the Board of Directors or a stated salary for service as director, payable in cash or securities. No such payment shall preclude any director from serving the Corporation in any other capacity and receiving compensation therefor. Members of special or standing committees may be allowed like compensation for service as committee members.

Section 2.16. Reliance on Accounts and Reports, etc. A director, or a member of any committee designated by the Board of Directors, shall, in the performance of such director's or member's duties, be fully protected in relying in good faith upon the records of the Corporation and upon information, opinions, reports or statements presented to the Corporation by any of the Corporation's officers or employees, or committees designated by the Board of Directors, or by any other person as to the matters the director or the member reasonably believes are within such other person's professional or expert competence and who the director or member reasonably believes or determines has been selected with reasonable care by or on behalf of the Corporation.

Section 2.17. Director Elections by Holders of Preferred Stock. Notwithstanding the foregoing, whenever the holders of any one or more series or classes of Preferred Stock shall have the right, voting separately by series or class, to elect one or more directors at an annual or special meeting of stockholders, the election, filling of vacancies, removal of directors and other features of such one or more directorships shall be governed by the terms of such one or more series or classes of Preferred Stock to the extent permitted by law.

Section 2.18 Resignation and Replacement of Unsuccessful Incumbent Directors.

(a) For purposes of this Section 2.18, the following terms have the following respective meanings:

(i) A "Majority of Votes Cast" means that the number of votes "for" a director's election must exceed fifty percent (50%) of the votes cast with respect to that director's election. Votes "against" a director's election will count as a vote cast, but "abstentions" and "broker non-votes" will not count as a vote cast with respect to that director's election.

(ii) A "Contested Election" means an election of directors in respect of which, as of the last date by which stockholders may submit notice to nominate a person for election as a director pursuant to Section 1.12 of these Bylaws, the number of nominees for any election of directors exceeds the number of directors to be elected.

(b) Subject to the terms of any one or more classes or series of Preferred Stock, in order for any incumbent director to become a nominee of the Board of Directors for further service on the Board of Directors, such person must submit an irrevocable resignation, which resignation shall become effective upon (i) that person not receiving a Majority of Votes Cast in an election that is not a Contested Election (an "Unsuccessful Incumbent"), and (ii) acceptance by the Board of Directors of that resignation in accordance with the policies and procedures adopted by the Board of Directors for such purpose.

(c) The Board of Directors, acting on the recommendation of the Nominating and Corporate Governance Committee, shall no later than 90 days following certification of the shareholder vote, determine whether to accept the resignation of an Unsuccessful Incumbent. The Nominating and Corporate Governance Committee, in making its recommendation, and the Board of Directors, in acting on such recommendation, may consider any factors or other information that they determine to be appropriate and relevant. Absent a determination by the Board of Directors that a compelling reason exists for concluding that it is in the best interests of the Corporation for an Unsuccessful Incumbent to remain as a director, the Board of Directors shall accept that person's resignation.

(d) If the Board of Directors determines to accept the resignation of an Unsuccessful Incumbent, the Nominating and Corporate Governance Committee shall promptly recommend a candidate to the Board of Directors to fill the office formerly held by the unsuccessful incumbent.

ARTICLE III COMMITTEES

Section 3.01. Committees. The Board of Directors, by resolution adopted by the affirmative vote of a majority of directors then in office, may designate from among its members one (1) or more committees of the Board of Directors, each committee to consist of such number of directors as from time to time may be fixed by the Board of Directors. Any such committee shall serve at the pleasure of the Board of Directors. Each such committee shall have the powers and duties delegated to it by the Board of Directors, subject to the limitations set forth in applicable Delaware law. The Board of Directors may appoint a Chairman of any committee, who shall preside at meetings of any such committee. The Board of Directors may elect one (1) or more of its members as alternate members of any such committee who may take the place of any absent member or members at any meeting of such committee, upon request of the Chairman of the Board or the Chairman of such committee.

Section 3.02. Powers. Each committee shall have and may exercise such powers of the Board of Directors as may be provided by resolution or resolutions of the Board of Directors. No committee shall have the power or authority: to approve or adopt, or recommend to the stockholders, any action or matter

expressly required by the General Corporation Law of the State of Delaware to be submitted to the stockholders for approval; or to adopt, amend or repeal the Bylaws of the Corporation.

Section 3.03. Proceedings. Each committee may fix its own rules of procedure and may meet at such place (within or without the State of Delaware), at such time and upon such notice, if any, as it shall determine from time to time. Each committee shall keep minutes of its proceedings and shall report such proceedings to the Board of Directors at the meeting of the Board of Directors next following any such proceedings.

Section 3.04. Quorum and Manner of Acting. Except as may be otherwise provided in the resolution creating such committee or in the rules of such committee, at all meetings of any committee, the presence of members (or alternate members) constituting a majority of the total authorized membership of such committee shall constitute a quorum for the transaction of business. The act of the majority of the members present at any meeting at which a quorum is present shall be the act of such committee. Any action required or permitted to be taken at any meeting of any committee may be taken without a meeting, if all members of such committee shall consent to such action in writing or by electronic transmission and such writing, writings or electronic transmission or transmissions are filed with the minutes of the proceedings of the committee. Such filing shall be in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form. The members of any committee shall act only as a committee, and the individual members of such committee shall have no power in their individual capacities unless expressly authorized by the Board of Directors.

Section 3.05. Action by Telephonic Communications. Unless otherwise provided by the Board of Directors, members of any committee may participate in a meeting of such committee by means of conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting pursuant to this provision shall constitute presence in person at such meeting.

Section 3.06. Absent or Disqualified Members. In the absence or disqualification of a member of any committee, if no alternate member is present to act in his or her stead, the member or members thereof present at any meeting and not disqualified from voting, whether or not he, she or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any such absent or disqualified member.

Section 3.07. Resignations. Any member (and any alternate member) of any committee may resign at any time by delivering a written notice of resignation, signed by such member, to the Board of Directors or the Chairman of the Board. Unless otherwise specified therein, such resignation shall take effect upon delivery.

Section 3.08. Removal. Any member (and any alternate member) of any committee may be removed at any time, either with or without cause, by resolution adopted by a majority of the entire Board of Directors.

Section 3.09. Vacancies. If any vacancy shall occur in any committee, by reason of disqualification, death, resignation, removal or otherwise, the remaining members (and any alternate members) shall continue to act, and any such vacancy may be filled by the Board of Directors.

ARTICLE IV OFFICERS

Section 4.01. Chief Executive Officer. The Board of Directors shall select a Chief Executive

Officer to serve at the pleasure of the Board of Directors. The Chief Executive Officer shall (a) supervise the implementation of policies adopted or approved by the Board of Directors, (b) exercise a general supervision and superintendence over all the business and affairs of the Corporation, and (c) possess such other powers and perform such other duties as may be assigned to him or her by these Bylaws, as may from time to time be assigned by the Board of Directors and as may be incident to the office of Chief Executive Officer of the Corporation. The Chief Executive Officer shall have general authority to execute bonds, deeds and contracts in the name of the Corporation and affix the corporate seal thereto, except where required or permitted by law to be otherwise signed and executed and except that the other officers of the Corporation may sign and execute documents when so authorized by these Bylaws, the Board of Directors or the Chief Executive Officer.

Section 4.02. Secretary of the Corporation. The Board of Directors shall appoint a Secretary of the Corporation to serve at the pleasure of the Board of Directors. The Secretary of the Corporation shall (a) keep minutes of all meetings of the stockholders and of the Board of Directors, (b) authenticate records of the Corporation, (c) give, or cause to be given, notice of all meetings of the stockholders and special meetings of the Board of Directors, and (d) in general, have such powers and perform such other duties as may be assigned to him or her by these Bylaws, as may from time to time be assigned to him or her by the Board of Directors or the Chief Executive Officer and as may be incident to the office of Secretary of the Corporation. If the Secretary shall be unable or shall refuse to cause to be given notice of all meetings of the stockholders and special meetings of the Board of Directors, and if there be no Assistant Secretary, then the Board of Directors may choose another officer to cause such notice to be given. The Secretary shall have custody of the seal of the Corporation and the Secretary or any Assistant Secretary, if there be one, shall have authority to affix the same to any instrument requiring it and when so affixed, it may be attested by the signature of the Secretary or by the signature of any such Assistant Secretary. The Board of Directors may give general authority to any other officer to affix the seal of the Corporation and to attest to the affixing by such officer's signature. The Secretary shall see that all books, reports, statements certificates and other documents and records required by law to be kept or filed are properly kept or filed, as the case may be.

Section 4.03. Other Officers Elected by Board Of Directors. At any meeting of the Board of Directors, the Board of Directors may elect a President, Vice Presidents, a Chief Financial Officer, a Treasurer, Assistant Treasurers, Assistant Secretaries, or such other officers of the Corporation as the Board of Directors may deem necessary, to serve at the pleasure of the Board of Directors. Other officers elected by the Board of Directors shall have such powers and perform such duties as may be assigned to such officers by or pursuant to authorization of the Board of Directors or by the Chief Executive Officer.

Section 4.04. Removal and Resignation; Vacancies. Any officer may be removed with or without cause at any time by the Board of Directors. Any officer may resign at any time by delivering a written notice of resignation, signed by such officer, to the Board of Directors, the Chief Executive Officer or the Secretary. Unless otherwise specified therein, such resignation shall take effect upon delivery. Any vacancy occurring in any office of the Corporation by death, resignation, removal or otherwise, shall be filled by or pursuant to authorization of the Board of Directors.

Section 4.05. Authority and Duties of Officers. The officers of the Corporation shall have such authority and shall exercise such powers and perform such duties as may be specified in these Bylaws, except that in any event each officer shall exercise such powers and perform such duties as may be required by law.

Section 4.06. Salaries of Officers. The salaries of all officers of the Corporation shall be fixed by the Board of Directors or any duly authorized committee thereof.

ARTICLE V **CAPITAL STOCK**

Section 5.01. Certificates of Stock. The Board of Directors may authorize that some or all of the shares of any or all of the Corporation's classes or series of stock be evidenced by a certificate or certificates of stock. The Board of Directors may also authorize the issue of some or all of the shares of any or all of the Corporation's classes or series of stock without certificates. The rights and obligations of stockholders with the same class and/or series of stock shall be identical whether or not their shares are represented by certificates.

(a) Shares with Certificates. If the Board of Directors chooses to issue shares of stock evidenced by a certificate or certificates, each individual certificate shall include the following on its face: (i) the Corporation's name, (ii) the fact that the Corporation is organized under the laws of Delaware, (iii) the name of the person to whom the certificate is issued, (iv) the number of shares represented thereby, (v) the class of shares and the designation of the series, if any, which the certificate represents, and (vi) such other information as required under the Certificate of Incorporation or applicable law or as may be lawful. If the Corporation is authorized to issue different classes of shares or different series within a class, the designations, relative rights, preferences and limitations determined for each series (and the authority of the Board of Directors to determine variations for future series) shall be summarized on the front or back of each certificate. Alternatively, each certificate shall state on its front or back that the Corporation will furnish the stockholder this information in writing, without charge, upon request. Each certificate of stock issued by the Corporation shall be signed (either manually or in facsimile) by any two officers of the Corporation. If the person who signed a certificate no longer holds office when the certificate is issued, the certificate is nonetheless valid.

(b) Shares without Certificates. If the Board of Directors chooses to issue shares of stock without certificates, the Corporation, if required by the Exchange Act, shall, within a reasonable time after the issue or transfer of shares without certificates, send the stockholder a written notice containing the information required to be set forth or stated on certificates pursuant to the laws of the General Corporation Law of the State of Delaware. The Corporation may adopt a system of issuance, recordation and transfer of its shares of stock by electronic or other means not involving the issuance of certificates, provided the use of such system by the Corporation is permitted in accordance with applicable law.

Section 5.02. Signatures; Facsimile. All signatures on the certificate referred to in Section 5.01 of these Bylaws may be in facsimile, engraved or printed form, to the extent permitted by law. In case any officer, transfer agent or registrar who has signed, or whose facsimile, engraved or printed signature has been placed upon a certificate, shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if he or she were such officer, transfer agent or registrar at the date of issue.

Section 5.03. Lost, Stolen or Destroyed Certificates. The Board of Directors may direct that a new certificate be issued in place of any certificate theretofore issued by the Corporation alleged to have been lost, stolen or destroyed, upon delivery to the Corporation of an affidavit of the owner or owners of such certificate, setting forth such allegation. The Corporation may require the owner of such lost, stolen or destroyed certificate, or his or her legal representative, to give the Corporation a bond sufficient to indemnify it against any claim that may be made against it on account of the alleged loss, theft or destruction of any such certificate or the issuance of any such new certificate.

Section 5.04. Transfer of Stock. Upon surrender to the Corporation or the transfer agent of the Corporation of a certificate for shares, duly endorsed or accompanied by appropriate evidence of succession, assignment or authority to transfer, the Corporation shall issue a new certificate to the person entitled thereto, cancel the old certificate and record the transaction upon its books. Within a reasonable time after the transfer of uncertificated stock, the Corporation shall send to the registered owner thereof a

written notice containing the information required to be set forth or stated on certificates pursuant to the laws of the General Corporation Law of the State of Delaware. Subject to the provisions of the Certificate of Incorporation and these Bylaws, the Board of Directors may prescribe such additional rules and regulations as it may deem appropriate relating to the issue, transfer and registration of shares of the Corporation.

Section 5.05. Record Date. In order to determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, the Board of Directors may fix, in advance, a record date, which record date shall not precede the date on which the resolution fixing the record date is adopted by the Board of Directors, and which shall not be more than sixty (60) nor fewer than ten (10) days before the date of such meeting. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting, provided, however, that the Board of Directors may fix a new record date for the adjourned meeting. In order that the Corporation may determine the stockholders entitled to receive payment of any dividend or other distribution or allotment of any rights of the stockholders entitled to exercise any rights in respect of any change, conversion or exchange of stock, or for the purpose of any other lawful action, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted, and which record date shall be not more than sixty (60) days prior to such action. If no record date is fixed, the record date for determining stockholders for any such purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto.

Section 5.06. Registered Stockholders. Prior to due surrender of a certificate for registration of transfer of any certificated shares, the Corporation may treat the registered owner as the person exclusively entitled to receive dividends and other distributions, to vote, to receive notice and otherwise to exercise all the rights and powers of the owner of the shares represented by such certificate, and the Corporation shall not be bound to recognize any equitable or legal claim to or interest in such shares on the part of any other person, whether or not the Corporation shall have notice of such claim or interests. Whenever any transfer of shares shall be made for collateral security, and not absolutely, it shall be so expressed in the entry of the transfer if, when the certificates are presented to the Corporation for transfer or uncertificated shares are requested to be transferred, both the transferor and transferee request the Corporation to do so.

Section 5.07. Transfer Agent and Registrar. The Board of Directors may appoint one (1) or more transfer agents and one (1) or more registrars, and may require all certificates representing shares to bear the signature of any such transfer agents or registrars.

ARTICLE VI INDEMNIFICATION

Section 6.01. Mandatory Indemnification. The Corporation shall indemnify any Indemnitee to the fullest extent permitted by law, as such may be amended from time to time. In furtherance of the foregoing indemnification, and without limiting the generality thereof:

(a) Proceedings Other Than Proceedings by or in the Right of the Corporation. Any Indemnitee shall be entitled to the rights of indemnification provided in this Section 6.01(a) if, by reason of his or her Corporate Status, Indemnitee is, or is threatened to be made, a party to or participant in any Proceeding other than a Proceeding by or in the right of the Corporation. Pursuant to this Section 6.01(a), any Indemnitee shall be indemnified against all Expenses, judgments, penalties, fines and amounts paid in settlement actually and reasonably incurred by him or her, or on his or her behalf, in connection

with such Proceeding or any claim, issue or matter therein, if Indemnitee acted in good faith and in a manner Indemnitee reasonably believed to be in or not opposed to the best interests of the Corporation, and with respect to any criminal Proceeding, had no reasonable cause to believe Indemnitee's conduct was

unlawful. The termination of any Proceeding by judgment, order, settlement, conviction, or upon a plea of *nolo contendere* or its equivalent, shall not, of itself, create a presumption that Indemnitee did not act in good faith and in a manner which Indemnitee reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that Indemnitee's conduct was unlawful.

(b) Proceedings by or in the Right of the Corporation. Any Indemnitee shall be entitled to the rights of indemnification provided in this Section 6.01(b) if, by reason of his or her Corporate Status, Indemnitee is, or is threatened to be made, a party to or participant in any Proceeding brought by or in the right of the Corporation. Pursuant to this Section 6.01(b), any Indemnitee shall be indemnified against all Expenses actually and reasonably incurred by Indemnitee, or on Indemnitee's behalf, in connection with such Proceeding if Indemnitee acted in good faith and in a manner Indemnitee reasonably believed to be in or not opposed to the best interests of the Corporation; provided, however, if applicable law so provides, no indemnification against such Expenses shall be made in respect of any claim, issue or matter in such Proceeding as to which Indemnitee shall have been adjudged to be liable to the Corporation unless and to the extent that the Court of Chancery of the State of Delaware or the court in which such Proceeding was brought shall determine that such indemnification may be made.

Section 6.02. Indemnification for Expenses of a Party Who is Wholly or Partly Successful.

Notwithstanding any other provision of this Article VI, to the extent that any Indemnitee is, by reason of his or her Corporate Status, a party to and is successful, on the merits or otherwise, in any Proceeding, he or she shall be indemnified to the maximum extent permitted by law, as such may be amended from time to time, against all Expenses actually and reasonably incurred by him or her or on his or her behalf in connection therewith. If such Indemnitee is not wholly successful in such Proceeding but is successful, on the merits or otherwise, as to one or more but less than all claims, issues or matters in such Proceeding, the Corporation shall indemnify Indemnitee against all Expenses actually and reasonably incurred by him or her or on his or her behalf in connection with each successfully resolved claim, issue or matter. For purposes of this Section 6.02 and without limitation, the termination of any claim, issue or matter in such a Proceeding by dismissal, with or without prejudice, shall be deemed to be a successful result as to such claim, issue or matter.

Section 6.03. Advancement of Expenses. Notwithstanding any other provision of this Article VI, the Corporation shall advance all Expenses incurred by or on behalf of any Indemnitee in connection with any Proceeding by reason of Indemnitee's Corporate Status within thirty (30) days after the receipt by the Corporation of a statement or statements from Indemnitee requesting such advance or advances from time to time, whether prior to or after final disposition of such Proceeding. Such statement or statements shall reasonably evidence the Expenses incurred by Indemnitee and shall include or be preceded or accompanied by a written undertaking by or on behalf of Indemnitee to repay any Expenses advanced if it shall ultimately be determined that Indemnitee is not entitled to be indemnified against such Expenses.

Any advances and undertakings to repay pursuant to this Section 6.03 shall be unsecured and interest free.

Section 6.04. Non-Exclusivity; Insurance.

(a) The rights of indemnification and to receive advancement of expenses as provided by this Article VI shall not be deemed exclusive of any other rights to which Indemnitee may at any time be entitled under applicable law, the Certificate of Incorporation, these Bylaws, any agreement, a vote of stockholders, a resolution of directors or otherwise. No right or remedy conferred in this Article VI is intended to be exclusive of any other right or remedy, and every other right and remedy shall be cumulative and in addition to every other right and remedy given in this Article VI or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy in this Article VI, or otherwise, shall not prevent the concurrent assertion or employment of any other right or remedy.

(b) The Corporation shall have the power to purchase and maintain insurance to the fullest extent permitted by law, as such may be amended from time to time. Without limiting the generality of the foregoing, the Corporation shall have the power to purchase and maintain insurance on behalf of any person who is or was or has agreed to become a director, officer, employee or agent of the Corporation against any liability asserted against him or her and incurred by him or her or on his or her behalf in such capacity, or arising out of his or her status as such, whether or not the Corporation would have the power to indemnify him or her against such liability.

Section 6.05. Exception to Right of Indemnification. Notwithstanding any provision in this Article VI, the Corporation shall not be obligated by this Article VI to make any indemnity in connection with any claim made against an Indemnitee:

(a) for which payment has actually been made to or on behalf of such Indemnitee under any insurance policy or other indemnity provision, except with respect to any excess beyond the amount paid under any insurance policy or other indemnity provision; or

(b) for an accounting of profits made from the purchase and sale (or sale and purchase) by such Indemnitee of securities of the Corporation within the meaning of Section 16(b) of the Securities Exchange Act of 1934, as amended, or similar provisions of state statutory law or common law; or

(c) in connection with any Proceeding (or any part of any Proceeding) initiated by such Indemnitee, including any Proceeding (or any part of any Proceeding) initiated by such Indemnitee against the Corporation or its directors, officers, employees or other indemnitees, unless (i) the Corporation has joined in or the Board of Directors authorized the Proceeding (or any part of any Proceeding) prior to its initiation, (ii) the Corporation provides the indemnification, in its sole discretion, pursuant to the powers vested in the Corporation under applicable law, or (iii) the Proceeding is one to enforce such Indemnitee's rights under this Article VI.

Section 6.06. Permissive Indemnification. The Corporation may, to the extent authorized from time to time by the Board of Directors, provide rights to indemnification and advancement of Expenses to employees and agents of the Corporation.

Section 6.07. Definitions. For purposes of this Article VI:

(a) "Corporate Status" describes the status of a person who is or was a director, officer, employee, agent or fiduciary of the Corporation, any direct or indirect subsidiary of the Corporation, or of any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise that such person is or was serving at the express written request of the Corporation.

(b) "Enterprise" shall mean the Corporation and any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise that Indemnitee is or was serving at the express written request of the Corporation as a director, officer, employee, agent or fiduciary.

(c) "Expenses" shall include all reasonable attorneys' fees, retainers, court costs, transcript costs, fees of experts, witness fees, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees and all other disbursements or expenses of the types customarily incurred in connection with prosecuting, defending, preparing to prosecute or defend, investigating, participating, or being or preparing to be a witness in a Proceeding, or responding to, or objecting to, a request to provide discovery in any Proceeding. Expenses also shall include Expenses incurred in connection with any appeal resulting from any Proceeding and any federal, state, local or foreign taxes imposed on Indemnitee as a result of the actual or deemed receipt

of any payments under this Article VI, including without limitation the premium, security for, and other costs relating to any cost bond, supersedeas bond, or other appeal bond or its equivalent. Expenses, however, shall not include amounts

paid in settlement by Indemnitee or the amount of judgments or fines against Indemnitee.

(d) “Indemnitee” means any current or former director or officer of the Corporation.

(e) “Proceeding” includes any threatened, pending or completed action, suit, arbitration, alternate dispute resolution mechanism, investigation, inquiry, administrative hearing or any other actual, threatened or completed proceeding, whether brought by or in the right of the Corporation or otherwise and whether civil, criminal, administrative or investigative, in which Indemnitee was, is or will be involved as a party or otherwise, by reason of the fact that Indemnitee is or was an officer or director of the Corporation, by reason of any action taken by him or her or of any inaction on his or her part while acting as an officer or director of the Corporation, or by reason of the fact that he or she is or was serving at the request of the Corporation as a director, officer, employee, agent or fiduciary of another corporation, partnership, joint venture, trust or other Enterprise; in each case whether or not he or she is acting or serving in any such capacity at the time any liability or expense is incurred for which indemnification can be provided under this Article VI.

Section 6.08. Authorization of Indemnification. Any indemnification provided by Section 6.01 of this Article VI (unless ordered by a court) shall be made by the Corporation only as authorized in the specific case upon a determination that indemnification of the Indemnitee is proper in the circumstances because Indemnitee has met the applicable standard of conduct set forth in Section 6.01(a) or Section 6.01(b) of this Article VI, as the case may be. Such determination shall be made, with respect to an Indemnitee who is a director or officer at the time of such determination, (i) by a majority vote of the directors who are not parties to such Proceeding, even though less than a quorum, or (ii) by a committee of such directors designated by a majority vote of such directors, even though less than a quorum, or (iii) if there are no such directors, or if such directors so direct, by independent legal counsel in a written opinion or (iv) by the stockholders. Such determination shall be made, with respect to former directors and officers, by any person or persons having the authority to act on the matter on behalf of the Corporation.

Section 6.09. Indemnification by a Court. Notwithstanding any contrary determination in the specific case under Section 6.08 of this Article VI, and notwithstanding the absence of any determination thereunder, any Indemnitee may apply to the Court of Chancery of the State of Delaware or any other court of competent jurisdiction in the State of Delaware for indemnification to the extent otherwise permissible under Section 6.01 of this Article VI. The basis of such indemnification by a court shall be a determination by such court that indemnification of Indemnitee is proper in the circumstances because such person has met the applicable standard of conduct set forth in Section 6.01(a) or Section 6.01(b) of this Article VI, as the case may be. Neither a contrary determination in the specific case under Section 6.08 of this Article VI nor the absence of any determination thereunder shall be a defense to such application or create a presumption that Indemnitee has not met any applicable standard of conduct. Notice of any application for indemnification pursuant to this Section 6.09 shall be given to the Corporation promptly upon the filing of such application. If successful, in whole or in part, Indemnitee shall also be entitled to be paid the Expenses of prosecuting such application.

Section 6.10. Survival of Indemnification and Advancement of Expenses. The indemnification and advancement of Expenses provided by, or granted pursuant to, this Article VI shall, unless otherwise provided when authorized or ratified, continue as to a person who has ceased to be a director or officer and shall inure to the benefit of the heirs, executors and administrators of such a person.

ARTICLE VII OFFICES

Section 7.01. Initial Registered Office. The registered office of the Corporation in the State of Delaware shall be located at Corporation Services Company, 251 Little Falls Drive, Wilmington, Delaware 19808 in New Castle County.

Section 7.02. Other Offices. The Corporation may maintain offices or places of business at such other locations within or without the State of Delaware as the Board of Directors may from time to time determine or as the business of the Corporation may require.

ARTICLE VIII GENERAL PROVISIONS

Section 8.01. Dividends. Subject to any applicable provisions of law and the Certificate of Incorporation, dividends upon the shares of the Corporation may be declared by the Board of Directors at any regular or special meeting of the Board of Directors and any such dividend may be paid in cash, property, or shares of the Corporation’s capital stock. A member of the Board of Directors, or a member of any committee designated by the Board of Directors, shall be fully protected in relying in good faith upon the records of the Corporation and upon such information, opinions, reports or statements presented to the Corporation by any of its officers or employees, or committees of the Board of Directors, or by any other person as to matters the director reasonably believes are within such other person’s professional or expert competence and who has been selected with reasonable care by or on behalf of the Corporation, as to the value and amount of the assets, liabilities and/or net profits of the Corporation, or any other facts pertinent to the existence and amount of surplus or other funds from which dividends might properly be declared and paid.

Section 8.02. Execution of Instruments. The Board of Directors may authorize, or provide for the authorization of, officers, employees or agents to enter into any contract or execute and deliver any instrument in the name and on behalf of the Corporation. Any such authorization must be in writing or by electronic transmission and may be general or limited to specific contracts or instruments.

Section 8.03. Voting as Stockholder. Unless otherwise determined by resolution of the Board of Directors, the Chief Executive Officer, the President, if any, the Chief Financial Officer, any Executive Vice President or any other person authorized by the Board of Directors shall have full power and authority on behalf of the Corporation to attend any meeting of stockholders of any corporation in which the Corporation may hold stock, and to act, vote (or execute proxies to vote) and exercise in person or by proxy all other rights, powers and privileges incident to the ownership of such stock. Such officers acting on behalf of the Corporation shall have full power and authority to execute any instrument expressing consent to or dissent from any action of any such corporation without a meeting. The Board of Directors may by resolution from time to time confer such power and authority upon any other person or persons.

Section 8.04. Corporate Seal. The corporate seal shall be in such form as the Board of Directors shall prescribe.

Section 8.05. Fiscal Year. The fiscal year of the Corporation shall be fixed, and shall be subject to change, by the Board of Directors.

ARTICLE IX AMENDMENT OF BYLAWS

Subject to the provisions of the Certificate of Incorporation, (i) the Board of Directors may make, alter, amend, add to or repeal any and all of these Bylaws by resolution adopted by a majority of the directors then in office, or (ii) the affirmative vote of the holders of at least a majority of the voting power of the Corporation’s then outstanding shares entitled to vote generally in the election of directors, voting together as a single class, shall be required for the stockholders to make, alter, amend, add to or repeal

any or all Bylaws of the Corporation or to adopt any provision inconsistent therewith.

ARTICLE X CONSTRUCTION

In the event of any conflict between the provisions of these Bylaws as in effect from time to time and the provisions of the Certificate of Incorporation of the Corporation as in effect from time to time, the provisions of such Certificate of Incorporation shall be controlling.

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Confidential Settlement Agreement and General Release of Claims

This Confidential Settlement Agreement and General Release of Claims (the "Agreement") is made between Era Group Inc. and Era Helicopters, LLC, on the one hand, and Airbus Helicopters, Inc. and Airbus Helicopters, S.A.S, on the other hand. Era Group Inc. and Era Helicopters, LLC are referred to collectively as "ERA," and Airbus Helicopters, Inc. and Airbus Helicopters, S.A.S are referred to collectively as "Airbus." ERA and Airbus may be referred to individually as a "Party," and they may collectively be referred to as the "Parties."

WHEREAS, various disputes arose among the Parties related to eleven Airbus Helicopters H225 aircraft with Serial Numbers 2680, 2691, 2685, 2732, 2760, 2777, 2809, 2821, 2825, 2690, and 2734 (collectively, "ERA's H225 Aircraft");

WHEREAS, on December 28, 2017, ERA filed a Third Amended Petition in the lawsuit styled *ERA Group Inc., and ERA Helicopters, LLC v. Airbus Helicopters, Inc., and Airbus Helicopters, S.A.S.*, Cause No. DC-16-15017, 116th Judicial District, Dallas County District Court, Dallas County, Texas (the "Litigation"). A copy of Plaintiffs' Third Amended Petition in the Litigation is attached hereto as Exhibit A and is incorporated herein by reference;

WHEREAS, the Parties, in mutual recognition of the uncertainties and expense involved in the Litigation and without any Party admitting fault, wish to finally and amicably settle the Litigation on the terms and conditions set forth below; and

NOW, THEREFORE, in consideration of the mutual promises and obligations set forth herein, and other good and valuable consideration, the Parties agree as follows, intending to be legally bound:

1. **Incorporation of Recitals:** The above recitals to this Agreement are incorporated herein.

2. **Settlement Consideration:**

a. ***Cash Payment.*** A lump sum payment of \$42,000,000.00 (Forty-Two-Million Dollars) is to be paid by or on behalf of Airbus to ERA within seven (7) business days after the Effective Date (the "Settlement Payment") with the following payment instructions:

Account Name:	Era Helicopters, LLC
Account Number:	4127905719
Bank ABA:	121000248
Bank Name:	Wells Fargo Bank, NA
Bank Address:	420 Montgomery San Francisco, CA 94104
SWIFT Code:	WFBIUS6S

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b. **Trade Credits.** ERA will receive a \$7,775,000.00 (Seven-Million-Seven-Hundred-Seventy-Five-Thousand Dollar) trade account credit from Airbus that must be used by ERA within five (5) years from the Effective Date of this Agreement (the "Trade Account Credit"). ERA may use the Trade Account Credit for the purchase of aircraft, maintenance services, repairs, spare parts, training, and/or any other services available from Airbus.

3. **Dismissal with Prejudice:** ERA agrees to dismiss the Litigation with prejudice within two (2) business days after the Effective Date by filing an Agreed Order of Dismissal, executed by all parties, a form of which is attached hereto as Exhibit B and is incorporated herein by reference. Upon execution of the Agreement by the Parties, the Parties agree to immediately jointly call the court to advise that the Parties have amicably resolved the Litigation and ask that the trial date and all hearings and other matters on the calendar be vacated. The Parties agree to cooperate in the implementation of the Agreement with the court. Each Party waives and relinquishes any right to appeal or otherwise seek review or reconsideration of the dismissal of the Litigation.

4. **Fees and Expenses:** The Parties are responsible for their own costs, expenses, and attorneys' fees and expenses incurred in connection with the Litigation and/or this Agreement.

5. **Taxes:** ERA shall be solely responsible for any taxes due related to the Settlement Consideration.

6. **General Release:**

a. ERA, on behalf of itself and any entity or any person claiming by or through it (collectively, the "ERA Releasing Parties"), hereby generally releases Airbus, together with its respective current and former principals, officers, directors, managers, shareholders, employees, agents, consultants, parent companies, subsidiaries, affiliates, attorneys, trustees, trusts, trustors, settlors, accountants, insurers, predecessors, successors, or assigns (collectively, the "Airbus Released Parties") of debts, damages, demands, rights, obligations, promises, agreements, liabilities, suits, matters, issues, claims, cross-claims, warranties, promises, guaranties, representations, defenses, demands, complaints, grievances, controversies, costs, losses, rent, expenses (including attorneys' fees and expenses), which the ERA Releasing Parties had, have or may have as of the date of this Agreement related to ERA's H225 Aircraft or this Litigation (collectively, the "ERA Released Claims"). The ERA Released Claims include all causes of action of every nature and description whatsoever, in equity and law, under any municipal, local, state, or federal law (common or statutory), under the laws of any jurisdiction anywhere in the world, known or unknown, whether or not concealed or hidden, asserted or that might have been asserted in the Litigation (including, without limitation, fraudulent inducement, breach of warranty, breach of implied warranty of merchantability, breach of implied warranty of fitness for a particular purpose, unjust enrichment, fraud, negligent misrepresentation, breach of contract, claims for tort, negligence, gross negligence, nondisclosure, or violations of any local, state, or federal or foreign statutes, rules or regulations or common law), which the ERA Releasing Parties had, have, or may have against any of the Airbus Released Parties, related to ERA's H225 Aircraft or the Litigation as of the date of execution of this Agreement. It is expressly understood that, as of the date of this Agreement, ERA may have suffered detriments and/or damages as a result of conduct, acts, or omissions arising from or related to the Litigation

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that are unknown at this time and that such are included in the ERA Released Claims. ERA represents and warrants that it has not assigned any of the rights in connection with the ERA Released Claims. ERA has no knowledge of any other person or entity having any rights to the ERA Released Claim. **Nothing in this Paragraph shall prevent the Parties from enforcing the terms of this Agreement.**

b. Notwithstanding the foregoing, the ERA Released Claims as defined herein shall not include any amount owed by Airbus to Era Leasing LLC (in an amount not to exceed € 439,880) in connection with the exit of the H225 bearing serial number 2732 from Airbus OGAP coverage following termination of the lease between Era Leasing LLC and Bond Offshore Helicopters for that helicopter.

7. **Freely Negotiated Agreement and Consultation With Counsel:** Each of the Parties understands and acknowledges that this Agreement contains releases and each of them understands and acknowledges that it has had the opportunity to retain independent counsel to represent it in connection with its consideration of this Agreement and has done so. The Parties represent and warrant that each of them is a sophisticated party that has undertaken its own investigation of the facts and is relying solely upon its own knowledge and the advice of counsel and is not relying on any statement by the other Party, and each Party waives any claims that it was induced to enter this Agreement by fraud. The Parties further represent and warrant to each other that they have each consulted with independent counsel and other advisors with respect to the preparation, negotiation, and execution of this Agreement to the extent they deemed such consultation necessary or appropriate. The Parties, therefore, stipulate and agree that this Agreement shall not be construed against any Party as the drafter thereof. All provisions of this Agreement have been negotiated by the Parties at arms' length, and the Parties therefore stipulate and agree that no Party shall be deemed the scrivener of this Agreement. The Parties further agree and direct that the rule of contract construction providing that ambiguous contract terms should be interpreted against the drafting party shall not apply nor be applied to this Agreement. Words used in this Agreement of any gender or neuter shall be construed to include any other gender or neuter where appropriate. Words used in this Agreement that are either singular or plural shall be construed to include the other where appropriate. The Parties acknowledge that they have read this Agreement and understand all of its terms and that this Agreement is executed voluntarily, without duress, and with full knowledge of its legal significance.

8. **Covenant Not To Sue:** ERA forever waives, releases, and covenants not to sue or file or assist with suing or filing any lawsuit or claim against Airbus with any court, governmental agency or other entity based on ERA Released Claims, whether known or unknown at the time of execution.

9. **Agreement Not to Participate:** ERA agrees not to participate in, assist in the preparation of, or otherwise involve itself in any litigation brought by a third party against Airbus with respect to any ERA H225 Aircraft sold, leased, or otherwise transferred by ERA to a third-party, including without limitation any and all claims described in, arising out of, or in any way related to the Litigation.

10. **Limited Indemnification:** ERA agrees to provide a right of limited indemnity to Airbus against claims, lawsuits, actions, or other proceedings based on allegedly false statements made by ERA concerning the H225's main gear box or second stage planet gears that are

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asserted or brought against Airbus by any third party that, as of the date of this Agreement, has purchased one of ERA's H225 Aircraft ("Indemnified Claims"). As of the date of this agreement, ERA has sold two of its H225 Aircraft (those identified by serial numbers 2732 and 2809). ERA's obligation to indemnify Airbus shall be limited to the value of any judgment for liability resulting from Indemnified Claims and shall not to exceed \$3.1 million for claims related to the H225 bearing serial number 2732 and \$3.5 million for claims relating to the H225 bearing serial number 2809 (the purchase prices for those two aircraft).

11. **No Public Statement:** ERA shall not make any public statement concerning the Agreement, except for any information required to be disclosed by applicable law in a filing with the U.S. Securities and Exchange Commission.

12. **Non-Disparagement:** The Parties, and each of them, agree not to disparage each other in respect of the subject matter of the Litigation or this Agreement, including, without limitation, by directly or indirectly permitting, enabling, initiating, assisting, participating in, or encouraging any conduct (including, without limitation, oral or written statements, interviews, or speeches) that impugns, criticizes, or otherwise negatively reflects on the other regarding the subject matter of the Litigation or this Agreement. The Parties further agree that any breach or violation of this Non-Disparagement clause shall entitle the disparaged Party to initiate litigation under this Agreement for immediate damages caused by such breach, including but not limited to requesting injunctive relief. Notwithstanding the Mediation Provision in Paragraph 14 of this Agreement, the Parties agree that either Party may immediately enforce this promise in Texas state courts having equity jurisdiction in and for Dallas County, Texas or in the United States District Court for the Northern District of Texas, Dallas Division without posting a bond and without giving notice, to the maximum extent permitted by law.

13. **Confidentiality:** Except as otherwise provided in Section 11, ERA agrees that it will not at any time, without the prior written consent of Airbus, disclose any of the terms and provisions of this Agreement, except that ERA may disclose the terms and provisions of this Agreement:

a. to its affiliates, attorneys, accountants, and financial advisors and each Party further agrees that it will instruct its affiliates, attorneys, accountants and financial advisors that neither they, nor their partners, counsel, agents, employees, or representatives will discuss, report or in any manner suggest to any person or entity the terms of the resolution of this litigation; and

b. as required by law or compulsory legal process, but only to the extent so required and only after providing Airbus with prompt notice of such potential disclosure so as to permit the other Party a reasonable opportunity to oppose such disclosure by appropriate legal means.

14. **No Admission:** The Parties expressly deny all allegations of liability, fault, or wrongdoing whatsoever, and the Agreement shall not be deemed a presumption, concession or admission by any Defendant of any fault, liability or wrongdoing whatsoever. Rather, the Parties have entered into this Agreement to avoid the costs and expenses of the Litigation and with the intention to fully and finally settle all differences between them related to the Litigation.

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15. **Venue:** Any disputes concerning this Agreement shall be exclusively heard in Dallas County, Texas. With respect to such proceedings only, the Parties irrevocably and unconditionally (a) submit to personal jurisdiction in Dallas County, Texas and consent to venue in Dallas County, Texas with respect to any such proceeding; (b) waive any objection to jurisdiction and venue in Texas; and (c) agree not to plead or claim in any such court that any such proceeding has been brought in an inconvenient forum.

16. **Governing Law:** This Agreement shall be exclusively governed and construed in accordance with the laws of the State of Texas, without regard to its conflict of laws or choice of laws rules and principles.

17. **Mediation:** If a dispute arises out of this Agreement, the Parties agree to mediate before resorting to litigation. The Party requesting mediation shall give sixty (60) days' notice before commencing mediation. The Parties shall mediate in good faith before the Honorable Harlan A. Martin (Ret.). The mediation process shall be confidential. If Judge Martin is not available, the Parties agree to mediate before a mutually agreeable JAMS mediator or by a mediator appointed by JAMS if the Parties cannot mutually agree on a mediator. The mediation shall occur in Dallas, Texas. The mediation fees shall be split equally between the Parties.

18. **Severability:** If any term or provision of this Agreement or the performance thereof shall be invalid or unenforceable to any extent, such invalidity or unenforceability shall not affect or render invalid any other provision of this Agreement, and this Agreement shall be valid and enforced to the fullest extent permitted by law.

19. **Notices:** Any notice, request, instruction, payment, or other document or communication required or permitted to be given under this Agreement shall be in writing and shall be deemed given upon delivery in person; upon being deposited with the U.S. Post Office, Federal Express, or such other recognized and reliable service for delivery to the addresses as follow below (or to such other address or addresses as may be specified in writing from time to time by any Party to the other Parties delivered in the manner provided herein); or upon being transmitted by facsimile, email, or by such other manner reasonably calculated to provide actual notice:

If to Era Group Inc. to:

Era Group Inc.
818 Town & Country Blvd., Suite 200
Attention: Tomas Johnston, Acting General Counsel
Facsimile: (888) 410-8320
tjohnston@erahelicopters.com

with courtesy copies (which shall not constitute notice) to:

Quinn Emanuel Urquhart & Sullivan, LLP
Attention: Messrs. Michael J. Lyle, Esq., Keith H. Forst, Esq.
1300 I Street NW, Suite 900
Washington, District of Columbia 20005
Facsimile: (202) 538-8100

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mikelyle@quinnemanuel.com
keithforst@quinnemanuel.com

If to Era Helicopters, LLC to:

Era Group Inc.
818 Town & Country Blvd., Suite 200
Attention: Tomas Johnston, Acting General Counsel
Facsimile: (888) 410-8320
tjohnston@erahelicopters.com

with courtesy copies (which shall not constitute notice) to:

Quinn Emanuel Urquhart & Sullivan, LLP
Attention: Messrs. Michael J. Lyle, Esq., Keith H. Forst, Esq.
1300 I Street NW, Suite 900
Washington, District of Columbia 20005
Facsimile: (202) 538-8100
mikelyle@quinnemanuel.com
keithforst@quinnemanuel.com

If to Airbus Helicopters, Inc. to:

Kevin Cabaniss
Airbus Helicopters, Inc.
2701 N. Forum Dr.
Grand Prairie, Texas 75052
Facsimile: (972) 641-3550

with courtesy copies (which shall not constitute notice) to:

Sidley Austin LLP
Attention: Ms. Yvette Ostolaza, Esq. and Mr. Rob Velevis, Esq.
2021 McKinney Avenue
Suite 2000
Dallas, Texas 75201
Facsimile: (214) 981-3400
Yvette.Ostolaza@sidley.com
rvelevis@sidley.com

If to Airbus Helicopters, S.A.S. to:

Laurent Tagarian
Airbus Helicopters, S.A.S.
Bat Tertiaire
ZAC les Florides RD9
13700 Marignane

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France

with courtesy copies (which shall not constitute notice) to:

Sidley Austin LLP
Attention: Ms. Yvette Ostolaza, Esq. and Mr. Rob Velevis, Esq.
2021 McKinney Avenue
Suite 2000
Dallas, Texas 75201
Facsimile: (214) 981-3400
Yvette.Ostolaza@sidley.com
rvelevis@sidley.com

20. **Authority of Signatories:** Each of the undersigned signatories represents and warrants that he or she has the full authority to execute this Agreement on behalf of the Party for which he or she is executing and to deliver the releases and make the representations and warranties described in this Agreement.

21. **Binding on Successors and Assigns:** This Agreement shall be binding upon and shall inure to the benefit of the Parties hereto and their respective successors and assigns, and shall be enforceable against them in accordance with its terms. Notwithstanding the foregoing, the Parties may not assign any of their rights or obligations hereunder without the written consent of all the other Parties.

22. **Captions:** The captions in this Agreement are inserted for convenience of reference only and in no way define, describe, or limit the scope or intent of this Agreement or any provisions hereof.

23. **Signatures:** This Agreement may be signed in counterparts, each of which shall constitute an original, all collectively shall constitute a single agreement.

24. **Entire Agreement:** This Agreement constitutes the final, complete, and exclusive agreement and understanding between ERA and Airbus and supersedes any and all other agreements, written or oral, between ERA and Airbus with respect to H225 Aircraft other than the PBH contract for the H225 with serial number 2732.

25. **Amendment in Writing:** This Agreement may be amended or modified only by a written instrument that has been executed by all Parties signatory hereto. No waiver of any breach of this Agreement shall be construed as an implied amendment or agreement to amend or modify any paragraph of this Agreement.

26. **Incorporation of Exhibits:** All Exhibits to this Agreement are expressly incorporated in this Agreement by Reference.

27. **Effective Date:** This Agreement shall become effective when the Agreement has been duly executed by all Parties (the "Effective Date").

CONFIDENTIAL

WHEREFORE, the parties have accepted this Agreement as of the **July 3, 2018**.

Era Group Inc.

By: _____

Name: _____

Its: _____

Dated: _____

Airbus Helicopters, Inc.

By: Kevin Cabaniss

Name: Kevin Cabaniss

Its: VP, Legal Affairs

Dated: 3 July 2018

Era Helicopters, LLC

By: _____

Name: _____

Its: _____

Dated: _____

Airbus Helicopters, S.A.S.

By: _____

Name: _____

Its: _____

Dated: _____

CONFIDENTIAL

WHEREFORE, the parties have accepted this Agreement as of the **July 3, 2018**.

Era Group Inc.

By: _____

Name: _____

Its: _____

Dated: _____

Airbus Helicopters, Inc.

By: _____

Name: _____

Its: _____

Dated: _____

Era Helicopters, LLC

By: _____

Name: _____

Its: _____

Dated: _____

Airbus Helicopters, S.A.S.

By: _____ 

Name: Jean-Pascal Meo

Its: Senior Vice President & General Counsel

Dated: 3 July 2018

CONFIDENTIAL

WHEREFORE, the parties have accepted this Agreement as of the **July 3, 2018**.

Era Group Inc.

By: Jennifer Whalen

Name: Jennifer Whalen

Its: Senior Vice President & CFO

Dated: July 3, 2018

Airbus Helicopters, Inc.

By: _____

Name: _____

Its: _____

Dated: _____

Era Helicopters, LLC

By: Jennifer Whalen

Name: Jennifer Whalen

Its: Senior Vice President & CFO

Dated: July 3, 2018

Airbus Helicopters, S.A.S.

By: _____

Name: _____

Its: _____

Dated: _____

CERTIFICATION

I, Christopher S. Bradshaw, certify that:

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

Date: November 6, 2018

/s/ Christopher S. Bradshaw

Name: Christopher S. Bradshaw

Title: President and Chief Executive Officer
(Principal Executive Officer)

CERTIFICATION

I, Jennifer D. Whalen, certify that:

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

Date: November 6, 2018

/s/ Jennifer D. Whalen

Name: Jennifer D. Whalen
Title: Senior Vice President, Chief Financial Officer
(Principal Financial Officer)

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

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

- (1) the accompanying Quarterly Report on Form 10-Q for the period ending September 30, 2018, as filed with the U.S. Securities and Exchange Commission (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 6, 2018

/s/ Christopher S. Bradshaw

Name: Christopher S. Bradshaw

Title: President and Chief Executive Officer
(Principal Executive Officer)

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

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

- (1) the accompanying Quarterly Report on Form 10-Q for the period ending September 30, 2018, as filed with the U.S. Securities and Exchange Commission (the “Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 6, 2018

/s/ Jennifer D. Whalen

Name: Jennifer D. Whalen
Title: Senior Vice President, Chief Financial Officer
(Principal Financial Officer)