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, 2014 or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission file number 1-35701

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

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

281-606-4900
(Registrant's Telephone Number, Including Area Code)

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

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

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

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

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

The total number of shares of common stock, par value $0.01 per share, outstanding as of October 31, 2014 was 20,371,872. The Registrant has no other class of common stock outstanding.

ERA GROUP INC.

Table of Contents

PART I—FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

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

	September 30, 2014	December 31, 2013
	(Unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 40,357	$ 31,335
Receivables:		
Trade, net of allowance for doubtful accounts of $3,073 and $3,101 in 2014 and 2013, respectively	48,307	38,137
Other, net of allowance for doubtful accounts of $437 in 2014 and 2013	1,679	4,374
Inventories, net	27,039	26,853
Deferred income taxes	2,065	2,347
Prepaid expenses and other	1,712	2,167
Escrow deposits	—	—
Total current assets	121,159	105,213
Property and equipment	1,128,510	1,066,958
Accumulated depreciation	(296,294)	(263,306)
Net property and equipment	832,216	803,652
Equity investments and advances	31,641	34,986
Goodwill	352	352
Other assets	14,794	14,380
Total assets	$ 1,000,162	$ 958,583
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	$ 21,819	$ 13,293
Accrued wages and benefits	9,651	8,792
Accrued interest	4,805	772
Current portion of long-term debt	2,787	2,787
Derivative instruments	1,991	621
Accrued income taxes	1,029	613
Other current liabilities	4,154	3,267
Total current liabilities	46,236	30,145
Long-term debt	277,390	279,391
Deferred income taxes	216,985	209,574
Other liabilities	2,898	3,412
Total liabilities	543,509	522,522
Equity:		
Era Group Inc. stockholders' equity:		
Common stock, $0.01 par value, 60,000,000 shares authorized; 20,371,872 and 20,189,895 outstanding in 2014 and 2013, respectively, exclusive of treasury shares	204	202
Additional paid-in capital	428,530	421,310
Retained earnings	28,612	14,680
Treasury shares, at cost, 18,409 and 4,350 shares in 2014 and 2013, respectively	(547)	(113)
Accumulated other comprehensive income, net of tax	99	176
	456,898	436,255
Noncontrolling interest in subsidiary	(245)	(194)
Total equity	456,653	436,061
Total liabilities and stockholders' equity	$ 1,000,162	$ 958,583

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,	
	2014	2013	2014	2013
Operating revenues	$ 90,510	$ 80,997	$ 256,533	$ 222,961
Costs and expenses:				
Operating	54,282	51,338	158,601	141,399
Administrative and general	12,941	9,683	34,340	28,362
Depreciation	11,746	11,340	34,458	34,432
	78,969	72,361	227,399	204,193
Gains on asset dispositions, net	42	2,560	6,072	17,837
Operating income	11,583	11,196	35,206	36,605
Other income (expense):				
Interest income	130	155	418	452
Interest expense	(3,629)	(4,394)	(11,222)	(13,739)
SEACOR management fees	—	—	—	(168)
Derivative losses, net	(1,703)	(96)	(1,744)	(78)
Note receivable impairment	—	—	(2,457)	—
Foreign currency gains (losses), net	(485)	409	(521)	465
Other, net	(3)	7	10	19
	(5,690)	(3,919)	(15,516)	(13,049)
Income before income tax expense and equity earnings	5,893	7,277	19,690	23,556
Income tax expense	2,868	2,715	8,130	8,691
Income before equity earnings	3,025	4,562	11,560	14,865
Equity earnings, net of tax	1,286	526	2,321	1,762
Net income	4,311	5,088	13,881	16,627
Net loss (income) attributable to noncontrolling interest in subsidiary	(45)	116	51	326
Net income attributable to Era Group Inc.	4,266	5,204	13,932	16,953
Accretion of redemption value on Series A preferred stock	—	—	—	721
Net income attributable to common shares	$ 4,266	$ 5,204	$ 13,932	$ 16,232
Earnings per common share:				
Basic	$ 0.21	$ 0.26	$ 0.69	$ 0.79
Diluted	$ 0.21	$ 0.26	$ 0.68	$ 0.79
Weighted average common shares outstanding:				
Basic	20,098,239	19,918,876	20,039,609	20,426,277
Diluted	20,163,990	19,960,453	20,108,399	20,463,795

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

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
Net income	$ 4,311	$ 5,088	$ 13,881	$ 16,627
Other comprehensive income:				
Foreign currency translation adjustments	(65)	234	(119)	135
Income tax benefit (expense)	18	(82)	42	(47)
	(47)	152	(77)	88
Comprehensive income	4,264	5,240	13,804	16,715
Comprehensive loss (income) attributable to noncontrolling interest in subsidiary	(45)	116	51	326
Comprehensive income attributable to Era Group Inc.	$ 4,219	$ 5,356	$ 13,855	$ 17,041

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

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

	Common Stock	Additional Paid-In Capital	Retained Earnings	Treasury Shares	Accumulated Other Comprehensive Income	Non-controlling Interest In Subsidiary	Total Equity
December 31, 2013	$ 202	$ 421,310	$ 14,680	$ (113)	$ 176	$ (194)	$ 436,061
Issuance of common stock:							
Restricted stock grants	2	(2)	—	—	—	—	—
Exercise of stock options	—	320	—	—	—	—	320
Employee Stock Purchase Plan	—	1,138	—	—	—	—	1,138
Share award amortization	—	3,564	—	—	—	—	3,564
Stock option amortization	—	1,345	—	—	—	—	1,345
Employee Stock Purchase Plan amortization	—	217	—	—	—	—	217
Cancellation of restricted stock	—	256	—	(434)	—	—	(178)
Tax benefit from share award plans	—	382	—	—	—	—	382
Net income (loss)	—	—	13,932	—	—	(51)	13,881
Currency translation adjustments, net of tax	—	—	—	—	(77)	—	(77)
September 30, 2014	$ 204	$ 428,530	$ 28,612	$ (547)	$ 99	$ (245)	$ 456,653

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,	
	2014	**2013**
Net cash provided by operating activities	$ 61,966	$ 48,399
Cash flows from investing activities:		
Purchases of property and equipment	(63,966)	(48,223)
Proceeds from disposition of property and equipment	7,020	59,976
Investments in and advances to equity investees	(125)	—
Proceeds from sale of interest in equity investees	6,381	—
Principal payments on notes due from equity investees	474	856
Principal payments on third party notes receivable	424	592
Escrow deposits, net	—	(9,900)
Net cash provided by (used in) investing activities	(49,792)	3,301
Cash flows from financing activities:		
Payments on long-term debt	(2,187)	(52,091)
Proceeds from issuance of long-term debt	—	15,000
Revolving Credit Facility issuance costs	(2,446)	—
Proceeds from exercise of stock options	320	527
Proceeds from Employee Stock Purchase Plan	1,138	—
Dividends paid on Series A preferred stock	—	(4,953)
Proceeds from SEACOR on the settlement of stock options	—	706
Net cash used in financing activities	(3,175)	(40,811)
Effects of exchange rate changes on cash and cash equivalents	23	123
Net increase in cash and cash equivalents	9,022	11,012
Cash and cash equivalents, beginning of period	31,335	11,505
Cash and cash equivalents, end of period	$ 40,357	$ 22,517
Supplemental cash flow information:		
Cash paid during the period for:		
Interest, net of amounts capitalized	$ 6,417	$ 9,923
Income taxes	$ 734	$ 52

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 (collectively referred to as the "Company"). The condensed consolidated financial information for the three and nine months ended September 30, 2014 and 2013 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, 2014, its results of operations for the three and nine months ended September 30, 2014 and 2013, its comprehensive income for the three and nine months ended September 30, 2014 and 2013, its changes in equity for the nine months ended September 30, 2014, and its cash flows for the nine months ended September 30, 2014 and 2013. 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 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, 2013.

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 in this Quarterly Report on Form 10-Q to "Era Group" refers to Era Group Inc.

Prior to January 31, 2013, the Company was wholly owned by SEACOR Holdings Inc. (along with its other majority-owned subsidiaries being collectively referred to as "SEACOR") and represented SEACOR's aviation services business segment. On January 31, 2013, SEACOR completed a spin-off by means of a dividend to SEACOR's stockholders of all of the Company's issued and outstanding common stock (the "Spin-off"). Era Group is now an independent company with its common stock listed on the New York Stock Exchange under the symbol "ERA."

In connection with the Spin-off, the Company entered into an Amended and Restated Transition Services Agreement with SEACOR. Under the terms of the Amended and Restated Transition Services Agreement, SEACOR continues to provide the Company with certain support services, for up to two years from the effective date of the Spin-off, including information systems support, cash disbursement support, cash receipt processing and treasury management.

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

Basis of Consolidation. The consolidated financial statements include the accounts of Era Group Inc., its wholly-owned subsidiaries and entities that meet the criteria of Variable Interest Entities ("VIEs") of which the Company is the primary beneficiary. All significant inter-company accounts and transactions are eliminated in consolidation. Era do Brazil LLC is a VIE of which the Company is the primary beneficiary. Aeróleo Taxi Aereo S/A ("Aeróleo") meets the criteria of a VIE, however, the Company is not the primary beneficiary.

Revenue Recognition. The Company recognizes revenues when they are realized or realizable and earned. Revenues are realized or realizable and earned when persuasive evidence of an arrangement exists, delivery has occurred or services have been rendered, the price to the buyer is fixed or determinable, and collectability is reasonably assured. Revenues that do not meet these criteria are deferred until the criteria are met. Deferred revenues, the balance of which is offset in receivables, and related activity during the three and nine months ended September 30, 2014 and 2013, were as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	**2013**	**2014**	**2013**
Balance at beginning of period	$ 28,477	$ 15,620	$ 24,243	$ 8,953
Revenues deferred during the period	8,861	9,362	25,773	27,571
Revenues recognized during the period	(7,837)	(4,713)	(20,515)	(16,255)
Balance at end of period	$ 29,501	$ 20,269	$ 29,501	$ 20,269

As of September 30, 2014, deferred revenues included $27.8 million related to dry-lease revenues for certain helicopters leased by the Company to Aeróleo, its Brazilian joint venture. The deferral originated from difficulties experienced by Aeróleo following Petróleo Brasileiro S.A.'s ("Petrobras Brazil") cancellation of certain contract awards for a number of AW139 medium helicopters under dry-lease from the Company, and the deferral continues as a result of financial difficulties at Aeróleo. The Company will recognize revenues as cash is received or earlier should future collectability become reasonably assured. All costs and expenses related to these dry-leases were recognized as incurred.

As of September 30, 2014, deferred revenues also included $1.7 million related to dry-lease revenues for certain helicopters leased by the Company to a customer in India. The deferral resulted from the customer having its operating certificate revoked for a period of time and therefore being unable to operate. The certificate has since been reinstated but uncertainty remains regarding the collectability of the dry-lease revenues due to the customer's short-term liquidity issues. The Company will recognize revenues as cash is received or earlier should future collectability become reasonably assured. All costs and expenses related to these dry-leases were recognized as incurred.

Receivables. Customers are primarily major integrated and independent exploration and production companies, hospitals, international helicopter operators and the U.S. government. Customers are typically granted credit on a short-term basis and related credit risks are considered minimal. The Company routinely reviews its receivables and makes provisions for probable doubtful accounts; however, those provisions are estimates and actual results could differ from those estimates and those differences may be material. Receivables are deemed uncollectible and removed from receivables and the allowance for doubtful accounts when collection efforts have been exhausted. During the second quarter of 2014, the Company recorded a pre-tax $2.5 million impairment on a note receivable extended as a loan to a foreign company to facilitate the establishment of a helicopter operating certificate in connection with the joint submission of bids for international contracts.

New Accounting Standards. In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09 - *Revenue From Contracts With Customers*, which will base revenue recognition on the contract between a vendor and customer and will require reporting entities to allocate the transaction price to various performance obligations in a contract and recognize revenues when those performance obligations are satisfied. ASU 2014-09 will be effective for annual periods beginning after December 15, 2016 and any interim periods within that period. Early adoption is not permitted. The Company is currently evaluating the potential impact and the method of the adoption of ASU 2014-09 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.

The Company's financial assets and liabilities as of September 30, 2014 and December 31, 2013 that are measured at fair value on a recurring basis were as follows (in thousands):

	Level 1	Level 2	Level 3
September 30, 2014			
LIABILITIES			
Derivative instruments[(1)]	$ —	$ 1,991	$ —
December 31, 2013			
LIABILITIES			
Derivative instruments[(1)]	$ —	$ 621	$ —

(1) The fair value of the Company's derivative instruments was estimated using market data gathered by a third party financial institution, adjusted for market and credit risks applicable to the Company.

The estimated fair values of the Company's other financial assets and liabilities as of September 30, 2014 and December 31, 2013 were as follows (in thousands):

	Carrying Amount	Level 1	Level 2	Level 3
September 30, 2014				
LIABILITIES				
Long-term debt, including current portion	$ 280,177	$ —	$ 295,995	$ —
December 31, 2013				
LIABILITIES				
Long-term debt, including current portion	$ 282,178	$ —	$ 297,399	$ —

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

3. DERIVATIVE INSTRUMENTS

In 2011, the Company entered into two interest rate swap agreements maturing in 2015 that call for the Company to pay fixed interest rates of 1.29% and 1.76% on an aggregate notional value of $28.2 million, which decreases each month by the amount of principal payments made on the note, and receive a variable interest rate based on LIBOR on these notional values. The general purpose of these interest rate swap agreements is to provide protection against increases in interest rates, which might lead to higher interest costs for the Company. The fair value of these derivative instruments as of September 30, 2014 and December 31, 2013 was a liability of $0.4 million and $0.6 million, respectively. The Company recognized immaterial gains on these derivative instruments for the three months ended September 30, 2014 and 2013 and gains of $0.2 million and $0.3 million for the nine months ended September 30, 2014 and 2013, respectively. These gains are included in derivative losses, net, on the condensed consolidated statements of operations.

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

The Company entered into forward contracts during the second quarter of 2014 to mitigate its exposure to exchange rate fluctuations on euro-denominated aircraft purchase commitments. The Company has not designated these contracts as hedges for accounting purposes. The Company recorded an unrealized loss of $1.5 million and $1.6 million on these derivative instruments during the three and nine months ended September 30, 2014, respectively. These losses are included in derivative losses, net, in the condensed consolidated statements of operations. At the time of settlement of a forward contract, realized gains or losses, if any, are recorded in foreign currency gains (losses), net in the condensed consolidated statements of operations.

4. ESCROW DEPOSITS

From time to time, the Company enters into Qualified Exchange Accommodation Agreements with a third party to meet the like-kind exchange requirements of Section 1031 of the Internal Revenue Code ("IRC") and the provisions of Revenue Procedure 2000-37. In accordance with these provisions, the Company is permitted to deposit proceeds from the sale of assets into escrow accounts for the purpose of acquiring other assets and qualifying for the temporary deferral of taxable gains realized. Consequently, the Company establishes escrow accounts with financial institutions for the deposit of funds received on sales of equipment, which are designated for replacement property within a specified period of time. As of September 30, 2014 and December 31, 2013, there were no deposits in like-kind exchange escrow accounts.

In March 2014 and May 2014, the Company sold two B212 medium helicopters for cash proceeds totaling $6.4 million, net of fees. The sales transactions were treated as tax-free like-kind exchanges for tax purposes under Section 1031 of the IRC whereby proceeds are held by a qualified intermediary until qualified assets are delivered. A qualifying property was not identified for the March 2014 sale prior to the expiration of the required 45-day period subsequent to the closing date. As a result, the proceeds of $3.0 million were returned to the Company, and the sale was treated as a taxable event. The Company identified a qualifying property for the May 2014 sale within the required 45-day period subsequent to the closing date, and the like-kind exchange was completed prior to expiration of the required 180-day period subsequent to the closing date.

5. ACQUISITIONS AND DISPOSITIONS

Capital Expenditures. During the nine months ended September 30, 2014, capital expenditures were $64.0 million and consisted primarily of helicopter acquisitions and deposits on future helicopter deliveries. The Company records helicopter acquisitions in property and equipment and places helicopters in service once all completion work has been finalized and helicopters are ready for use. During the three and nine months ended September 30, 2014, the Company capitalized interest of $1.0 million and $3.0 million, respectively. During the three and nine months ended September 30, 2013, the Company capitalized interest of $0.2 million and $0.6 million, respectively. As of September 30, 2014 and December 31, 2013, construction in progress, which is a component of property and equipment, included capitalized interest of $3.3 million and $1.4 million, respectively. A summary of changes to our operating helicopter fleet during the nine months ended September 30, 2014 is as follows:

<u>Equipment Additions</u> - The Company placed four AW139 helicopters into service, all of which were delivered in the current year.

<u>Equipment Dispositions</u> - During the three months ended September 30, 2014, there were no significant equipment dispositions. During the three months ended September 30, 2013, the Company sold or otherwise disposed of property and equipment for proceeds $10.2 million and recognized gains of $2.6 million. During the nine months ended September 30, 2014 and 2013, the Company sold or otherwise disposed of property and equipment for proceeds of $7.0 million and $60.0 million, respectively, and recognized gains of $6.1 million and $17.8 million, respectively.

Sale of Interest in Joint Venture. Effective July 24, 2014, the Company sold its 51% interest in Lake Palma, S.L. (“Lake Palma”) to its joint venture partner, Fumigacion Aerea Andaluza S.A. (“FAASA”), for a purchase price of $9.3 million and recognized a gain of $1.5 million in equity earnings, net of taxes. In connection with the transaction, the Company assigned debt obligations of $2.9 million due to Lake Palma to FAASA, and the balance of the purchase price was funded in cash.

6. INCOME TAXES

The Company’s effective income tax rates were 48.7% and 37.3% for the three months ended September 30, 2014 and 2013, respectively, and 41.3% and 36.9% for the nine months ended September 30, 2014 and 2013, respectively. The effective tax rate was impacted by changes in the state tax apportionment related to updates to the Company’s 2013 U.S. tax return.

7. LONG-TERM DEBT

The Company’s borrowings were as follows (in thousands):

	September 30, 2014	December 31, 2013
7.750% senior notes (excluding unamortized discount)	$ 200,000	$ 200,000
Senior secured revolving credit facility	55,000	55,000
Promissory notes	28,123	30,311
	283,123	285,311
Less: portion due with one year	(2,787)	(2,787)
Less: debt discount, net	(2,946)	(3,133)
Total long-term debt	$ 277,390	$ 279,391

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

Amended and Restated Senior Secured Revolving Credit Facility. On March 31, 2014, Era Group entered into an amended and restated senior secured revolving credit facility (the “Revolving Credit Facility”) that matures in March 2019. The Revolving Credit Facility provides Era Group with the ability to borrow up to $300.0 million with a sub-limit of up to $50.0 million for letters of credit and amends and restates the $200.0 million senior secured revolving credit facility (the “Prior Credit Facility”). Subject to the satisfaction of certain conditions precedent and the agreement by the lenders, the Revolving Credit Facility includes an “accordion” feature which, if exercised, will increase total commitments by up to $100.0 million. Era Group’s availability under the Revolving Credit Facility may be limited by the terms of the 7.750% Senior Notes. Advances under the Revolving Credit Facility at the closing were used to refinance indebtedness incurred under the Prior Credit Facility.

Borrowings under the Revolving Credit Facility bear interest at a rate per annum equal to, at Era Group's election, either a base rate or LIBOR, each as defined, plus an applicable margin. The applicable margin is based on the Company's ratio of funded debt to EBITDA, as defined, and ranges from 75 to 200 basis points on the base rate margin and 175 to 300 basis points on the LIBOR margin. The applicable margin as of September 30, 2014 was 75 basis points on the "base rate" margin and 175 basis points on the LIBOR margin. In addition, the Company is required to pay a quarterly commitment fee based on the average unfunded portion of the committed amount at a rate based on the Company's ratio of funded debt to EBITDA, as defined, that ranges from 37.5 to 50 basis points. As of September 30, 2014, the commitment fee was 37.5 basis points.

The obligations under the Revolving Credit Facility are secured by a portion of the Company's helicopter fleet and the Company's other tangible and intangible assets and are guaranteed by Era Group's wholly owned U.S. subsidiaries. The Revolving Credit Facility contains various restrictive covenants including interest coverage, funded debt to EBITDA, and fair market value of mortgaged helicopters plus accounts receivable and inventory to funded debt, 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, 2014, Era Group had $55.0 million of outstanding borrowings under the Revolving Credit Facility, and the remaining availability was $244.3 million, net of issued letters of credit of $0.7 million. In connection with the amendment of the Revolving Credit Facility, Era Group incurred debt issuance costs of $2.4 million. Such costs are included in other assets on the condensed consolidated balance sheets and are amortized to interest expense in the condensed consolidated statements of operations over the life of the Revolving Credit Facility.

Promissory Notes. During the nine months ended September 30, 2014, Era Group made scheduled payments on other long-term debt of $2.2 million.

8. COMMITMENTS AND CONTINGENCIES

Fleet. The Company's unfunded capital commitments as of September 30, 2014 consisted primarily of agreements to purchase helicopters and totaled $290.1 million, of which $67.5 million is payable during the remainder of 2014 with the balance payable through 2017. The Company also had $2.2 million of deposits paid on options not yet exercised. The Company may terminate $136.0 million of its total commitments (inclusive of deposits paid on options not yet exercised) without further liability other than liquidated damages of $9.0 million in the aggregate.

Included in these commitments are orders to purchase ten AW189 heavy helicopters, four S92 heavy helicopters and five AW169 light twin helicopters. The AW189 helicopters are scheduled to be delivered in 2014 through 2017. The S92 helicopters are scheduled to be delivered in 2015 through 2017. Delivery dates for the AW169 helicopters have yet to be determined. In addition, the Company had outstanding options to purchase up to an additional ten AW189 helicopters, five S92 helicopters, and three AW139 helicopters. If these options were exercised, the helicopters would be scheduled for delivery beginning in 2015 through 2018.

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

In April 2014, the Company entered into a settlement agreement with Airbus Helicopters (formerly Eurocopter), a division of Airbus Group (formerly European Aeronautic Defense and Space Company), with respect to the extended suspension of operations of EC225 heavy helicopters in 2012 and 2013. The settlement agreement provides for certain service and product credit discounts, including credits that will be available to the Company for a period of four years from the date of the agreement to be applied against support services available from Airbus Helicopters covering spare parts, repair and overhaul, service bulletins, technical assistance or any other services available from Airbus Helicopters. The Company expects to be able to apply such service credits over the following one to two years, and such credits will be recognized in the Company's statements of operations as a reduction in operating expenses in the periods utilized. During the three and nine months ended September 30, 2014, the Company utilized credits in the amount of $1.4 million and $3.0 million, respectively.

9. EARNINGS 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 assumes all common shares have been issued and outstanding during the relevant periods pursuant to the conversion of all outstanding Series A preferred stock, restricted stock grants have vested and common shares have been issued pursuant to the exercise of outstanding stock options.

Computations of basic and diluted earnings per common share of the Company were as follows (in thousands, except share and per share data):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
Net income attributable to common shares[1]	$ 4,213	$ 5,136	$ 13,752	$ 16,092
Shares:				
Weighted average number of common shares outstanding—basic	20,098,239	19,918,876	20,039,609	20,426,277
Assumed conversion of Series A Preferred Stock [2]	—	—	—	—
Net effect of dilutive stock options and restricted stock awards based on the treasury stock method [3]	65,751	41,577	68,790	37,518
Weighted average number of common shares outstanding—diluted	20,163,990	19,960,453	20,108,399	20,463,795
Earnings per common share:				
Basic	$ 0.21	$ 0.26	$ 0.69	$ 0.79
Diluted	$ 0.21	$ 0.26	$ 0.68	$ 0.79

(1) Excludes net income attributable to unvested restricted common shares of $53 and $68 for the three months ended September 30, 2014 and 2013, respectively, and $180 and $140 for the nine months ended September 30, 2014 and 2013, respectively.

(2) Excludes weighted average common shares of 0 for the three months ended September 30, 2014 and 2013 and 0 and 905,430 for the nine months ended September 30, 2014 and 2013, respectively, that were issuable upon the conversion of Series A preferred stock as the effect of their inclusion in the computation would have been antidilutive.

(3) Excludes weighted average common shares of 45,000 and 207,560 for the three months ended September 30, 2014 and 2013, respectively, and 31,978 and 139,562 for the nine months ended September 30, 2014 and 2013, respectively, for certain share awards as the effect of their inclusion would have been antidilutive.

10. RELATED PARTY TRANSACTIONS

Prior to the Spin-off, as part of a consolidated group, certain costs and expenses of the Company were borne by SEACOR and charged to the Company. These costs and expenses were included in both operating expenses and administrative and general expenses through January 2013. In conjunction with the Spin-off, the Company entered into an Amended and Restated Transition Services Agreement with SEACOR. Subsequent to January 2013, these costs are classified in administrative and general expenses and are summarized as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
Payroll costs for SEACOR personnel assigned to the Company and participation in SEACOR employee benefit plans, defined contribution plan and share award plans	$ —	$ —	$ —	$ 5
Shared services allocation for administrative support	—	—	—	299
Shared services under the Amended and Restated Transition Services Agreement	750	843	2,298	2,248
	$ 750	$ 843	$ 2,298	$ 2,552

As of September 30, 2014, the Company had a payable due to SEACOR of $0.3 million. During the nine months ended September 30, 2014 and 2013, the Company recorded management fees due to SEACOR of $0 and $0.2 million, respectively.

11. SHARE-BASED COMPENSATION

Transactions in connection with the Company's share-based compensation plans during the nine months ended September 30, 2014 were as follows:

Director stock awards granted	14,364
Restricted stock awards granted	112,686
Restricted stock awards canceled	8,650
Stock option activities:	
Outstanding as of December 31, 2013	328,040
Granted	45,000
Exercised	(15,892)
Forfeited	—
Expired	(15,000)
Outstanding as of September 30, 2014	342,148
Shares available under the 2012 Incentive Plan as of September 30, 2014	3,216,598
Shares available under the 2013 ESPP as of September 30, 2014	246,914

Total share-based compensation expense, which includes stock options, restricted stock and the ESPP, was $5.2 million for the nine months ended September 30, 2014.

During the nine months ended September 30, 2014, the Company awarded 127,050 shares of restricted stock at an average grant date fair value of $29.23 per share and granted 45,000 stock options. The following table shows the assumptions used to compute the share-based compensation expense for stock options granted during the nine months ended September 30, 2014:

Risk free interest rate	1.75%
Expected life (years)	5
Volatility	39.62%
Dividend yield	—%
Weighted average exercise price of options granted	$29.24 per option
Weighted average grant-date fair value of options granted	$10.86 per option

12. GUARANTORS OF SECURITIES

On December 7, 2012, Era Group issued $200.0 million aggregate principal amount of its 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 its future U.S. subsidiaries that guarantee the Revolving Credit Facility or other material indebtedness Era Group may incur in the future (the "Guarantors"). All the Guarantors currently guarantee the Revolving Credit Facility, and the guarantees of the Guarantors are full and unconditional and joint and several. Era Group has no independent assets or operations, and subsidiaries of Era Group other than the Guarantors are minor. In addition, there are no significant restrictions on the ability of Era Group or any Guarantor to obtain funds from its subsidiaries by dividend or loan.

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, 2014 and for the nine months ended September 30, 2014 and 2013, included elsewhere herein, and with our annual report on Form 10-K for the year ended December 31, 2013.

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:

- *dependence on, and the cyclical nature of, the offshore oil and gas industry;*
- *dependence on oil and gas exploration and development activity in the areas where the Company operates;*
- *fluctuations in worldwide prices of and demand for oil and natural gas;*
- *the ability to successfully expand into other geographic and helicopter service markets;*
- *the impact of increased United States ("U.S.") and foreign government regulation and legislation, including potential government implemented moratoriums on drilling activities;*
- *the requirement to engage in competitive processes or expend significant resources with no guaranty of recoupment;*
- *inherent risks in operating helicopters;*
- *the failure to maintain an acceptable safety record;*
- *the grounding of all or a portion of our fleet for extended periods of time or indefinitely;*
- *reduction or cancellation of services for government agencies;*
- *reliance on a small number of helicopter manufacturers and suppliers;*
- *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 our assets or result in claims of a force majeure situation;*
- *declines in the global economy and financial markets;*
- *foreign currency exposure and exchange controls;*
- *credit risk exposure;*
- *the ongoing need to replace aging helicopters;*
- *reliance on the secondary used helicopter market to dispose of older helicopters;*
- *reliance on a small number of customers;*
- *allocation of risk between the Company and its customers;*
- *liability, legal fees and costs in connection with providing emergency response services;*
- *risks associated with the Company's debt structure;*
- *operational and financial difficulties of the Company's joint ventures and partners;*
- *conflict with the other owners of the Company's non-wholly owned subsidiaries and other equity investees;*
- *adverse results of legal proceedings;*
- *adverse weather conditions and seasonality;*
- *adequacy of insurance coverage;*
- *the attraction and retention of qualified personnel;*
- *restrictions on the amount of foreign ownership of the Company's common stock;*
- *the effect of the Spin-off, including the ability of the Company to recognize the expected benefits from the Spin-off and the Company's dependence on SEACOR's performance under various agreements; 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, 2013 and Era Group's subsequent Quarterly Reports on Form 10-Q and periodic reporting on Form 8-K (if any).*

Overview

Our helicopters are primarily used to transport personnel to, from and between offshore oil and gas installations, drilling rigs and platforms. In addition, our helicopters service other missions including emergency search and rescue, air medical transport, firefighting support and Alaska flightseeing tours. We are one of the largest helicopter operators in the world, and we also provide helicopters and related services to third-party helicopter operators. In addition to our U.S. customers, we currently have customers in Brazil, India, Norway, Spain, Sweden and the United Kingdom.

We charter the majority of our helicopters through master service agreements, subscription agreements, 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 by providing 30 days' notice. 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 daily. Dry-leases require a fixed monthly fee for the customer's right to use the helicopter and, where applicable, a charge based on hours flown as compensation for any maintenance, parts, and/or personnel support that we may provide to the customer. Dry-leases generally run from two to five years with no early cancellation provisions. Air medical services are provided under contracts with hospitals that typically include a fixed monthly and hourly rate structure. With respect to flightseeing operations, we allocate block space to cruise lines and seats are sold directly to customers. We also operate a fixed based operation ("FBO") at Ted Stevens Anchorage International Airport that sells fuel on an ad-hoc basis and leases storage space.

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

Recent Events

Aeróleo Update

Since the acquisition of our interest in Aeróleo Taxi Aereo S/A ("Aeróleo"), it has faced several challenges with respect to generating revenues from the helicopters that are dry-leased from us. In July 2011, we entered into dry-leases with Aeróleo and mobilized AW139 medium helicopters in response to notification that Aeróleo was successful in its bid to place them on contract with Petroelo Brasileiro S.A. ("Petrobras Brazil"). In August 2011, Petrobras Brazil canceled the award for these AW139 helicopters in response to an accident involving an AW139 helicopter on contract with Petrobras Brazil from one of Aeróleo's competitors. As a result, four of the AW139 helicopters under dry-lease to Aeróleo remained idle from August 2011 until late November 2012. In November 2012, in response to the suspension of the use of EC225 heavy helicopters, Petrobras Brazil contracted with Aeróleo to utilize these four AW139 helicopters. This contract ended on November 30, 2013 after the EC225 helicopters returned to service. These AW139 helicopters are scheduled to begin multi-year contracts with Petrobras Brazil commencing in late 2014, but are not currently under contract following the termination of the emergency tender contract.

During the suspension period, Petrobras Brazil alleged that the EC225 helicopters could not meet the terms of the contract and unilaterally attempted to suspend its EC225 helicopter contracts with Aeróleo and the other operators in Brazil from April 1, 2013 through the duration of the EC225 helicopter suspension. Aeróleo did not receive monthly payments for its EC225 helicopters under contract with Petrobras Brazil from April through late September and October, 2013. Aeróleo's EC225 helicopters resumed flight operations as of November 2013.

Another Aeróleo customer, OGX Petroleo & Gas Participacoes SA ("OGX"), has experienced financial difficulties and has filed for bankruptcy protection. These financial difficulties could impair OGX's ability to pay its receivables to Aeróleo, which could, in turn, impair Aeróleo's ability to make its dry-lease payments owed to us and impact our revenues. We currently recognize revenues from Aeróleo only as cash is received.

In March 2012, we recorded an impairment charge of $5.9 million, net of tax, on our investment in and advances to Aeróleo resulting in a write-down of our investment to zero. As of September 30, 2014, we have deferred the recognition of $27.8 million of revenues owed by Aeróleo as a result of Aeróleo's financial difficulties. Aeróleo's partners have contributed $9.2 million of shareholder debt to Aeróleo since March 2012 to help address Aeróleo's financial challenges. A continuation of any combination of these financial difficulties taken separately or together, may impede Aeróleo's ability to pay for equipment leased from us, necessitate an infusion of capital from us to allow Aeróleo to continue to operate and, as a result, adversely impact our results of operations.

On February 15, 2014, definitive agreements were executed with respect to the transfer to a third party of the 50% economic interest and 80% voting interest held by the Company's partner in Aeróleo. As consideration for the transfer of interests and the other terms and conditions of the transaction, Aeróleo will be required to make payments to affiliates of the transferring partner in the form of severance and partial repayment of shareholder loans that will likely require a capital infusion by the Company of approximately $2.0 million. The transaction remains subject to customary closing conditions, including approval of the court administering the estate of the beneficial owner of the Company's partner in Aeróleo. Due to delays in obtaining such judicial approval, the transaction is now expected to close in the first half of 2015. As a result of the transaction, the Company may be required to consolidate the financial results of Aeróleo in its financial statements following the consummation of the transactions.

Fleet Update

As of September 30, 2014, we had unfunded capital commitments consisting primarily of agreements to purchase helicopters totaling $290.1 million, including ten AW189 heavy helicopters, four S92 heavy helicopters and five AW169 light twin helicopters. The AW189 helicopters are scheduled to be delivered in 2014 through 2017. The S92 helicopters are scheduled to be delivered in 2015 through 2017. Delivery dates for the AW169 helicopters have yet to be determined. In addition, we had outstanding options to purchase up to an additional ten AW189, five S92 helicopters, and three AW139 helicopters. If these options were exercised, the helicopters would be scheduled for delivery beginning in 2015 through 2018. We also have the option to terminate $136.0 million of our total commitments (inclusive of deposits paid on options not yet exercised) without further liability other than liquidated damages of $9.0 million in the aggregate.

Following an extended global suspension of EC225 helicopter operations, we phased our EC225 helicopters in the U.S. Gulf of Mexico back into service during the third quarter of 2013. Thereafter, our oil and gas operations in the U.S. Gulf of Mexico benefited from the availability of both our EC225 helicopters and the medium helicopters that were previously servicing EC225 helicopter contracts during the extended suspension. As a result, the rate of increase in oil and gas revenues in the U.S. Gulf of Mexico compared to prior year periods is expected to continue to decelerate in the fourth quarter of fiscal year 2014.

The current spare capacity for our medium helicopters is higher than in recent periods. Spare helicopters include our helicopters other than those under customer contracts, undergoing maintenance or dedicated for charter activity. We are participating in several competitive bids to place some or all of the existing and forecasted spare medium helicopters on contract. If we are not successful in securing sufficient new projects, we may experience a decline in the near-term utilization of our medium helicopters that may impact our near-term financial results. In addition, we may sell certain helicopters on an opportunistic basis consistent with our stated strategy.

Results of Operations

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2014		2013		2014		2013	
	$'000	%	$'000	%	$'000	%	$'000	%
Operating Revenues:								
United States	76,807	85	69,373	86	219,070	85	182,377	82
Foreign	13,703	15	11,624	14	37,463	15	40,584	18
	90,510	100	80,997	100	256,533	100	222,961	100
Costs and Expenses:								
Operating								
Personnel	19,413	22	18,220	22	56,986	22	52,151	23
Repairs and maintenance	16,339	18	15,097	19	50,642	20	43,977	20
Insurance and loss reserves	2,188	2	2,804	3	7,256	3	8,063	4
Fuel	7,406	8	6,404	8	20,454	8	17,132	8
Leased-in equipment	320	—	2,313	3	877	—	2,932	1
Other	8,616	10	6,500	8	22,386	9	17,144	8
	54,282	60	51,338	63	158,601	62	141,399	64
Administrative and general	12,941	14	9,683	12	34,340	13	28,362	13
Depreciation	11,746	13	11,340	14	34,458	13	34,432	15
	78,969	87	72,361	89	227,399	88	204,193	92
Gains on asset dispositions, net	42	—	2,560	3	6,072	2	17,837	8
Operating income	11,583	13	11,196	14	35,206	14	36,605	16
Other income (expense):								
Interest income	130	—	155	—	418	—	452	—
Interest expense	(3,629)	(4)	(4,394)	(5)	(11,222)	(4)	(13,739)	(6)
SEACOR management fees	—	—	—	—	—	—	(168)	—
Derivative losses, net	(1,703)	(2)	(96)	—	(1,744)	(1)	(78)	—
Note receivable impairment	—	—	—	—	(2,457)	(1)	—	—
Foreign currency gains (losses), net	(485)	—	409	—	(521)	—	465	—
Other, net	(3)	—	7	—	10	—	19	—
	(5,690)	(6)	(3,919)	(5)	(15,516)	(6)	(13,049)	(6)
Income before income tax expense and equity earnings	5,893	7	7,277	9	19,690	8	23,556	10
Income tax expense	2,868	3	2,715	3	8,130	3	8,691	4
Income before equity earnings	3,025	4	4,562	6	11,560	5	14,865	6
Equity earnings, net of tax	1,286	1	526	—	2,321	1	1,762	1
Net income	4,311	5	5,088	6	13,881	6	16,627	7
Net loss (income) attributable to noncontrolling interest in subsidiary	(45)	—	116	—	51	—	326	—
Net income attributable to Era Group Inc.	4,266	5	5,204	6	13,932	6	16,953	7
Accretion of redemption value on Series A Preferred Stock	—	—	—	—	—	—	721	—
Net income attributable to common shares	4,266	5	5,204	6	13,932	6	16,232	7

Operating Revenues by Service Line. The table below sets forth the operating revenues earned by service line for the three and nine months ended September 30, 2014 and 2013.

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2014		2013		2014		2013	
	$’000	%	$’000	%	$’000	%	$’000	%
Operating revenues:								
Oil and gas: (1)								
U.S. Gulf of Mexico	52,870	58	40,503	50	153,726	60	115,087	52
Alaska	7,984	9	14,003	17	23,486	9	31,370	14
International	1,514	2	1,248	2	2,932	1	3,540	2
Total oil and gas	62,368	69	55,754	69	180,144	70	149,997	68
Dry-leasing	12,392	14	10,376	13	34,734	13	37,397	17
Search and rescue	5,666	6	4,614	6	16,913	7	11,347	5
Air medical services	2,569	3	3,288	4	8,797	3	9,605	4
Flightseeing	4,043	4	4,390	5	6,989	3	7,184	3
FBO	3,562	4	2,671	3	9,262	4	7,748	3
Eliminations	(90)	—	(96)	—	(306)	—	(317)	—
	90,510	100	80,997	100	256,533	100	222,961	100

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

Current Year Quarter compared with Prior Year Quarter

Operating Revenues. Operating revenues were $9.5 million higher in the three months ended September 30, 2014 (the “Current Year Quarter”) compared with the three months ended September 30, 2013 (the “Prior Year Quarter”).

Operating revenues from oil and gas operations in the U.S. Gulf of Mexico were $12.4 million higher in the Current Year Quarter. Operating revenues from heavy helicopters were $7.0 million higher primarily due to our EC225 helicopters operating for the full Current Year Quarter compared to a partial period of operations in the Prior Year Quarter when EC225 helicopters were phased back into service after the extended global suspension period. Operating revenues from medium helicopters were $4.1 million higher primarily due to increased charter activity at higher rates. Operating revenues from single engine helicopters were $0.6 million higher primarily due to higher rates. Miscellaneous revenues were $0.9 million higher primarily due to increased rebillable expenses and part sales. Operating revenues from light twin helicopters were $0.2 million lower due to decreased utilization.

Operating revenues from oil and gas operations in Alaska were $6.0 million lower in the Current Year Quarter. Operating revenues from medium helicopters were $5.3 million lower due to a smaller fleet count and decreased utilization. Operating revenues from single engine helicopters were $0.8 million lower due to decreased utilization. Miscellaneous revenues were $0.7 million lower due to reduced rebillable personnel expenses. These decreases were partially offset by an increase in operating revenues from light twin helicopters of $0.8 million due to increased fleet count.

Operating revenues from international oil and gas operations were $0.3 million higher in the Current Year Quarter primarily due to higher rates.

Revenues from dry-leasing activities were $2.0 million higher in the Current Year Quarter primarily due to increased cash collections of $3.1 million from our Brazilian joint venture, Aeróleo. As noted in the Aeróleo Update above, revenues from Aeróleo are recognized only as cash is received. The increase was partially offset by a $0.9 million decrease related to leases that ended subsequent to the Prior Year Quarter.

Operating revenues from search and rescue ("SAR") activities were $1.1 million higher in the Current Year Quarter due to higher subscription rates related to a third SAR helicopter being placed into service. Subsequent to September 30, 2014, we withdrew the third SAR helicopter from service.

Operating revenues from air medical services were $0.7 million lower in the Current Year Quarter primarily due to contracts that ended subsequent to the Prior Year Quarter.

Operating revenues from flightseeing activities were $0.3 million lower in the Current Year Quarter due to reduced activity primarily driven by adverse weather conditions.

Operating revenues from fixed based operations ("FBO") activities were $0.9 million higher in the Current Year Quarter primarily due to increased fuel sales.

Operating Expenses. Operating expenses were $2.9 million higher in the Current Year Quarter. Personnel expenses were $1.2 million higher primarily due to pay scale and benefit adjustments and the use of contract labor. Repairs and maintenance expenses were $1.2 million higher primarily due to a $2.6 million increase in power-by-hour expense related to our EC225 helicopters returning to service, partially offset by the recognition of a $1.4 million credit related to the settlement agreement with Airbus Helicopters with respect to the suspension of operations of the EC225 helicopters discussed above. Insurance and loss reserves were $0.6 million lower primarily due to a reduction in claims and insured values of our helicopter fleet. Fuel expenses were $1.0 million higher primarily due to increased fuel sales at the FBO. Leased-in equipment expenses were $2.0 million lower primarily due to a one-time charge in the Prior Year Quarter related to the early termination of operating leases on certain helicopters configured for air medical services. Other expenses were $2.1 million higher primarily due to a $1.0 million increase in rebillable expenses including subcontractor fees and parts sales, a $0.4 million increase in freight costs due to parts movement activity and a $0.7 million increase in other operating expenses.

Administrative and General. Administrative and general expenses were $3.3 million higher in the Current Year Quarter. Compensation costs were $2.5 million higher due to the accelerated amortization of stock options and restricted stock awards and severance expenses related to the resignation of the Chief Executive Officer and $0.9 million higher primarily due to stock compensation grants and salary adjustments.

Depreciation. Depreciation expense was $0.4 million higher in the Current Year Quarter primarily due to depreciation on new helicopters placed in service partially offset by helicopters sold subsequent to the Prior Year Quarter.

Gains on Asset Dispositions, Net. During the Current Year Quarter, there were no significant equipment dispositions. During the Prior Year Quarter, we sold helicopters and related equipment for total proceeds of $10.2 million resulting in gains of $2.6 million.

Operating Income. Operating income as a percentage of revenues was 13% in the Current Year Quarter compared with 14% in the Prior Year Quarter. Excluding gains on asset dispositions discussed above, operating income as a percentage of revenues was 13% in the Current Year Quarter compared with 11% in the Prior Year Quarter. The increase was primarily due to the impact of our EC225 helicopters returning to service and the credit related to a settlement agreement with Airbus Helicopters.

Interest Expense. Interest expense was $0.8 million lower in the Current Year Quarter primarily due to increased capitalized interest related to additional deposits and progress payments on helicopter orders and a base expansion project.

Derivative Losses, Net. Unrealized derivative losses of $1.7 million in the Current Year Quarter were primarily due to the revaluation to market of foreign exchange forward currency contracts.

Foreign Currency Gains (Losses), Net. Foreign currency losses of $0.5 million in the Current Year Quarter were primarily due to the strengthening of the United States dollar resulting in losses on our euro denominated balances and a realized loss on a settled foreign exchange forward currency contract.

Equity Earnings, Net of Tax. Equity earnings, net of tax, were $0.8 million higher in the Current Year Quarter primarily due to the sale of our 51% interest in Lake Palma, S.L. (“Lake Palma”) for a gain of $1.5 million, net of tax, partially offset by reduced earnings from our Dart Holding Company Ltd. (“Dart”) joint venture of $0.4 million.

Current Nine Months compared with Prior Nine Months

Operating Revenues. Operating revenues were $33.6 million higher in the nine months ended September 30, 2014 (the "Current Nine Months") compared with the nine months ended September 30, 2013 (the "Prior Nine Months").

Operating revenues from oil and gas operations in the U.S. Gulf of Mexico were $38.6 million higher in the Current Nine Months. Operating revenues from heavy helicopters were $24.6 million higher primarily due to our EC225 helicopters returning to service. Operating revenues from medium helicopters were $9.4 million higher primarily due to increased charter activity at higher rates. Operating revenues from single engine helicopters were $3.8 million higher due to increased utilization. Miscellaneous revenues were $1.4 million higher primarily due to increased rebillable expenses and part sales. Operating revenues from light twin helicopters were $0.6 million lower due to reduced utilization.

Operating revenues from oil and gas operations in Alaska were $7.9 million lower in the Current Nine Months. Operating revenues from medium helicopters were $7.5 million lower due to a smaller fleet count and decreased utilization. Operating revenues from single engine helicopters were $1.2 million lower due to decreased utilization. Other revenues were $1.0 million lower than in the Prior Nine Months which included $0.7 million for short-term work related to a drill ship running aground. Operating revenues from light twin helicopters were $1.8 million higher primarily due to increased fleet count and higher rates.

Operating revenues from international oil and gas operations were $0.6 million lower in the Current Nine Months due to reduced utilization.

Revenues from dry-leasing activities were $2.7 million lower in the Current Nine Months primarily due to a $5.3 million decrease related to leases that ended subsequent to the Prior Nine Months, of which $1.3 million related to helicopters that were subsequently sold. In addition, revenues were lower due to the recognition in the Prior Nine Months of a $1.1 million penalty related to the early termination of a dry-lease. These decreases were partially offset by increased cash collections of $2.2 million from a customer in India and $1.7 million from Aeróleo. As noted above, revenues from both customers are recognized only as cash is received.

Operating revenues from SAR activities were $5.6 million higher in the Current Nine Months due an increase in the number of subscription customers and higher subscription rates related to a third SAR helicopter being placed into service. Subsequent to September 30, 2014, we withdrew the third SAR helicopter from service.

Operating revenues from air medical services were $0.8 million lower in the Current Nine Months primarily due to the completion of contracts subsequent to the Prior Nine Months.

Operating revenues from flightseeing activities were $0.2 million lower in the Current Nine Months due to reduced activity primarily driven by adverse weather conditions.

Operating revenues from FBO activities were $1.5 million higher in the Current Nine Months primarily due to increased fuel sales.

Operating Expenses. Operating expenses were $17.2 million higher in the Current Nine Months. Personnel expenses were $4.8 million higher primarily due to pay scale and benefit adjustments and higher headcount related to increased activity. Repairs and maintenance expenses were $6.7 million higher primarily due to a $9.8 million increase related to the timing of repairs and power-by-hour expense from our EC225 helicopters returning to service, partially offset by a $3.0 million credit related to the settlement agreement with Airbus Helicopters with respect to the suspension of operations of the EC225 helicopters discussed above. Insurance and loss reserves were $0.8 million lower primarily due to a decrease in insured values of our helicopter fleet. Fuel expenses were $3.3 million higher primarily due to the EC225 helicopters returning to service and increased fuel sales at the FBO. Leased-in equipment expenses were $2.1 million lower primarily due to a one-time charge in the Prior Nine Months related to the early termination of operating leases on certain helicopters configured for air medical services. Other expenses were $5.2 million higher primarily due to a $2.2 million increase in rebillable subcontractor fees, a $0.8 million increase in freight costs due to parts movement activity and a $2.2 million increase in other operating expenses.

Administrative and General. Administrative and general expenses were $6.0 million higher in the Current Nine Months. Compensation costs were $2.5 million higher due to the accelerated amortization of stock options and restricted stock expense and severance expenses related to the resignation of the Chief Executive Officer and $4.0 million higher primarily due to stock compensation grants and salary adjustments. These increases were partially offset by a reduction of $0.7 million in professional service fees due to a reduction of outsourced legal fees compared with the Prior Nine Months.

Depreciation. Depreciation expense was consistent with the Prior Nine Months.

Gains on Asset Dispositions, Net. During the Current Nine Months, we sold or otherwise disposed of helicopters and other equipment for proceeds of $7.0 million, resulting in gains of $6.1 million. During the Prior Nine Months, we sold helicopters and other equipment for proceeds of $60.0 million, resulting in gains of $17.8 million.

Operating Income. Operating income as a percentage of revenues was 14% in the Current Nine Months compared with 16% in the Prior Nine Months. Excluding gains on asset dispositions discussed above, operating income as a percentage of revenues was 11% in the Current Nine Months compared with 8% in the Prior Nine Months. The increase was primarily due to the impact of our EC225 helicopters returning to service, the credit related to a settlement agreement with Airbus Helicopters and the reduction of depreciation expense as a percentage of revenues.

Interest Expense. Interest expense was $2.5 million lower in the Current Nine Months primarily due to increased capitalized interest related to additional deposits and progress payments on helicopter orders and a base expansion project.

Derivative Losses, Net. Unrealized derivative losses of $1.7 million in the Current Nine Months were primarily due to the revaluation to market of foreign exchange forward currency contracts

Note Receivable Impairment. Note receivable impairments of $2.5 million during the Current Nine Months related to a probable loss on a note receivable.

Foreign Currency Gains (Losses), Net. Foreign currency losses of $0.5 million in the Current Nine Months were primarily due to the strengthening of the United States dollar, resulting in losses on our euro denominated balances and realized losses on settled foreign exchange forward currency contracts.

Income Tax Expense. Income tax expense was $0.6 million lower in the Current Nine Months primarily due to lower pre-tax income, partially offset by adjustments to the state tax apportionment.

Equity Earnings, Net of Tax. Equity earnings, net of tax, were $0.6 million higher in the Current Nine Months primarily due to the sale of our 51% interest in Lake Palma for a gain of $1.5 million, net of tax, partially offset by reduced earnings from our Dart joint venture of $0.7 million.

Fleet Count

The following shows details of our helicopter fleet as of September 30, 2014.

	Owned	Joint Ventured	Leased-in	Managed	Total	Max. Pass.(1)	Cruise Speed (mph)	Approx. Range (miles)	Average Age(2) (years)
Heavy:									
EC225	9	—	—	—	9	19	162	582	4
Medium:									
AW139	38	1	—	—	39	12	173	426	5
B212	9	—	—	—	9	11	115	299	36
B412	6	—	—	—	6	11	138	352	33
S76 A++	2	—	—	—	2	12	155	348	24
S76 C+/C++	5	—	—	1	6	12	161	348	8
	60	1	—	1	62				
Light—twin engine:									
A109	7	—	—	2	9	7	161	405	8
BK-117	—	—	2	1	3	9	150	336	N/A
EC135	17	—	2	1	20	7	138	288	6
EC145	3	—	—	2	5	9	150	336	6
	27	—	4	6	37				
Light—single engine:									
A119	17	—	—	—	17	7	161	270	8
AS350	35	—	—	—	35	5	138	361	18
	52	—	—	—	52				
Total Fleet	148	1	4	7	160				12

(1) In typical configuration for our operations.

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

Liquidity and Capital Resources

General

Our ongoing liquidity requirements arise primarily from working capital needs, meeting our capital commitments (including the purchase of helicopters and other equipment) and the repayment of debt obligations. In addition, we may use our liquidity to fund acquisitions, repurchase shares or 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 our Revolving Credit Facility.

As of September 30, 2014, we had unfunded capital commitments of $290.1 million, consisting primarily of agreements to purchase helicopters, including ten AW189 heavy helicopters, four S92 heavy helicopters, and five AW169 light twin helicopters. The AW189 helicopters are scheduled to be delivered in 2014 through 2017. The S92 helicopters are scheduled to be delivered in 2015 through 2017. Delivery dates for the AW169 helicopters have yet to be determined. Of these commitments, $67.5 million are payable in 2014, with the remaining commitments payable through 2017, and $136.0 million (inclusive of deposits paid on options not yet exercised) may be terminated without further liability to us other than aggregate liquidated damages of $9.0 million. In addition, we had outstanding options to purchase up to an additional ten AW189 helicopters, five S92 helicopters and three AW139 helicopters. If these options were exercised, the helicopters would be delivered beginning in 2015 through 2018.

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

Summary of Cash Flows

	Nine Months Ended September 30,	
	2014	2013
	(in thousands)	
Cash flows provided by or (used in):		
Operating activities	$ 61,966	$ 48,399
Investing activities	(49,792)	3,301
Financing activities	(3,175)	(40,811)
Effect of exchange rate changes on cash and cash equivalents	23	123
Net increase in cash and cash equivalents	$ 9,022	$ 11,012

Operating Activities

Cash flows provided by operating activities increased by $13.6 million in the Current Nine Months compared with 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,	
	2014	2013
Operating income before depreciation and gains on asset dispositions, net	$ 63,592	$ 53,200
Changes in operating assets and liabilities before interest and income taxes	(1,941)	3,856
Cash settlements on derivative transactions, net	(755)	(356)
Interest paid, excluding capitalized interest of $3,017 and $629 in the 2014 and 2013 periods, respectively	(6,417)	(9,923)
Income taxes	(734)	(57)
SEACOR management fees	—	(168)
Note receivable impairment	2,457	—
Other	5,764	1,847
Total cash flows provided by operating activities	$ 61,966	$ 48,399

Operating income before depreciation and gains on asset dispositions, net was $10.4 million higher in the Current Nine Months compared with the Prior Nine Months, primarily due to an increase in operating revenues of $33.6 million, partially offset by an increase in operating expenses and administrative and general expenses of $17.2 million and $6.0 million, respectively. See “Results of Operations” included above for an explanation of the main variances.

During the Current Nine Months, changes in operating assets and liabilities before interest and income taxes used cash flows of $1.9 million, primarily due to an increase in receivables partially offset by an increase in accounts payable and accrued expenses. During the Prior Nine Months, changes in operating assets and liabilities before interest and income taxes provided cash flows of $3.9 million.

Interest paid, excluding capitalized interest, was $3.5 million lower during the Current Nine Months primarily due to additional deposits and progress payments on helicopter orders and a base expansion project. Interest payments on such funds are capitalized and included in cash used in investing activities on the condensed consolidated statements of cash flows.

Income tax payments were $0.7 million higher during the Current Nine Months primarily due to tax payments in foreign jurisdictions.

During the Current Nine Months, note receivable impairments were $2.5 million related to a probable loss on a note receivable.

Cash flows provided by other operating activities were $3.9 million higher in the Current Nine Months, primarily due to $4.0 million in equity award amortization.

Investing Activities

During the Current Nine Months, net cash used in investing activities was $49.8 million primarily as follows:

- Capital expenditures were $64.0 million, which consisted primarily of helicopter acquisitions and deposits on future helicopter deliveries.
- Proceeds from the disposition of property and equipment were $7.0 million.
- Proceeds from the sale of interest in equity investees were $6.4 million.
- Net principal payments on notes due from equity investees were $0.5 million.
- Net principal payments from third-party notes receivable were $0.4 million.

During the Prior Nine Months, net cash provided by investing activities was $3.3 million primarily as follows:

- Proceeds from the disposition of property and equipment were $60.0 million.
- Capital expenditures were $48.2 million, which consisted primarily of helicopter acquisitions and deposits on future helicopter deliveries.
- Deposits into escrow for like-kind exchange transactions were $9.9 million.
- Net principal payments on notes due from equity investees were $0.9 million.
- Net principal payments from third-party notes receivable were $0.6 million.

Financing Activities

During the Current Nine Months, net cash used in financing activities was $3.2 million primarily as follows:

- Issuance costs related to the amended and restated senior secured revolving credit facility (“Revolving Credit Facility”) were $2.4 million.
- Principal payments on long-term debt were $2.2 million.
- Proceeds from the Employee Stock Purchase Plan (“ESPP”) were $1.1 million.
- Proceeds from the exercise of stock options were $0.3 million.

During the Prior Nine Months, net cash used in financing activities was $40.8 million primarily as follows:

- Principal payments on long-term debt were $52.1 million.
- Borrowings on our senior secured revolving credit facility were $15.0 million.
- Dividends paid on Series A preferred stock were $5.0 million.
- Proceeds from SEACOR on the settlement of stock options were $0.7 million.
- Proceeds from the exercise of stock options were $0.5 million.

Amended and Restated Senior Secured Revolving Credit Facility

Our Revolving Credit Facility provides us with the ability to borrow up to $300.0 million with a sub-limit of up to $50.0 million for letters of credit and matures in March 2019. Subject to the satisfaction of certain conditions precedent and the agreement by the lenders, the Revolving Credit Facility includes an “accordion” feature which, if exercised, will increase total commitments by up to $100.0 million. Our availability under the Revolving Credit Facility may be limited by the terms of our 7.750% Senior Notes. As of September 30, 2014, we had the ability to borrow an additional $244.3 million under the Revolving Credit Facility.

Senior Notes

On December 7, 2012, we completed an offering of $200.0 million aggregate principal amount of our 7.750% Senior Notes due December 15, 2022. Interest on the notes is payable semi-annually in arrears on June 15 and December 15 of each year.

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, 2014, our cash provided by operating activities was $62.0 million. To support our capital expenditure program and/or other liquidity requirements, we may use operating cash flow, cash balances, proceeds from sales of assets, issue debt or equity, borrow under our Revolving Credit Facility or any combination thereof.

Our availability of long-term financing is dependent upon our ability to generate operating profits sufficient to meet our requirements for working capital, capital expenditures and a reasonable return on investment. We believe that earning such operating profits will permit us to maintain access to favorably priced financing arrangements. Management will continue to closely monitor our liquidity and the capital and other financing markets.

Off-Balance Sheet Arrangements

On occasion, we and our partners will guarantee certain obligations on behalf of our joint ventures. As of September 30, 2014, we had no such guarantees in place.

Contractual Obligations and Commercial Commitments

For additional information about the Company's contractual obligations and commercial commitments, refer to “Liquidity and Capital Resources—Contractual Obligations and Commercial Commitments” contained in the Company's Annual Report on Form 10-K for the year ended December 31, 2013.

Contingencies

In the normal course of our business, we become involved in various litigation matters including, among other things, claims by third parties for alleged property damages and personal injuries. Management has used estimates in determining our potential exposure to these matters and has recorded reserves in its 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 consolidated financial position, results of operations or cash flows.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

For additional information about the Company’s exposure to market risk, refer to Item 7A, Quantitative and Qualitative Disclosures about Market Risk, contained in the Company’s Annual Report on Form 10-K for the year ended December 31, 2013. There has been no significant change in the Company’s exposure to market risk during the Current Year Quarter, except as described below.

As of September 30, 2014, we had non-U.S. dollar denominated capital purchase commitments of €143.6 million ($181.6 million). An adverse change of 10% in the underlying foreign currency exchange rate would increase the U.S. dollar equivalent of the non-hedged purchase commitment by $18.2 million. As of September 30, 2014, we maintained cash balances of €8.2 million. An adverse change of 10% in the underlying foreign currency exchange rate would reduce net income by $0.7 million.

ITEM 4. CONTROLS AND PROCEDURES

With the participation of our Chief Financial Officer, who is currently also serving as Acting Chief Executive Officer, management evaluated the effectiveness of the Company’s 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, 2014. Based on his evaluation, our Acting Chief Executive Officer and Chief Financial Officer concluded that the Company’s disclosure controls and procedures were effective and operating to provide reasonable assurance that material information required to be disclosed in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, including ensuring that such material information is accumulated and communicated to our management, including our Acting Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure, as of September 30, 2014.

During the quarter ended September 30, 2014, there were no changes in our internal control over financial reporting that have materially affected or are reasonably likely to materially affect our internal control over financial reporting.

We have been evaluating, designing and enhancing controls, including internal controls over financial reporting related to processes that previously were handled by SEACOR and/or will continue for a limited time to be handled by SEACOR under the Amended and Restated Transition Services Agreement, including information systems support, cash disbursement support, cash receipt processing and treasury management, and have been discussing these matters with our independent accountants and the Audit Committee of our Board of Directors. Based on these evaluations and discussions, we are considering what revisions or improvements are necessary in order for us to conclude that our internal controls are effective. We are in the process of identifying areas where there may be a need for improvement in our internal controls, and following such process will design and implement controls and processes to address any issues identified through this review.

Table of Contents

PART II—OTHER INFORMATION

ITEM 1A. RISK FACTORS

For additional information about our risk factors, see "Risk Factors" in Item 1A of our 2013 Annual Report on Form 10-K, in Part II, and in our Current Reports on Form 8-K (if any).

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, 2014:

	Total Number of Shares Repurchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Value of Shares that May Yet be Purchased Under the Plans or Programs(1)
July 1, 2014 - July 31, 2014	—	—	—	—
August 1, 2014 - August 31, 2014	—	—	—	$ 25,000,000
September 1, 2014 - September 30, 2014	—	—	—	$ 25,000,000

(1) On August 14, 2014, the Company's board of directors authorized the repurchase of up to $25.0 million in value of its common stock from time to time at the discretion of the Company's executive management.

ITEM 6. EXHIBITS

10.1	Separation and Consulting Agreement with Sten L. Gustafson
31.1	Certification by the Principal Executive 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.
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 4, 2014	By:	/s/ Christopher S. Bradshaw
		Christopher S. Bradshaw, *Acting Chief Executive Officer and Chief Financial Officer*
DATE: November 4, 2014	By:	/s/ Jennifer Whalen
		Jennifer Whalen, *Vice President and Chief Accounting Officer*

EXHIBIT INDEX

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SEPARATION AND CONSULTING AGREEMENT

This **SEPARATION AND CONSULTING AGREEMENT** (the "Agreement") is entered into as of August 28, 2014 by and between Sten L. Gustafson (the "Executive") and Era Group Inc., a Delaware corporation (the "Company").

WHEREAS, the Executive has served as the President and Chief Executive Officer of the Company since April 2012;

WHEREAS, the Company and the Executive are not parties to a written employment agreement or other contractual understanding regarding the employment of the Executive, and the employment of the Executive is an "*employment at will*" relationship and may be terminated at any time by either party for any reason;

WHEREAS, the parties have determined by mutual agreement that the employment of Executive shall be terminated, and that the Executive shall continue in a consulting capacity with the Company, on the terms set forth in this Agreement; and

WHEREAS, the parties agree to resolve any and all issues or disputes that may presently exist, or that may arise out of the circumstances surrounding the Executive's employment with or termination from the Company.

NOW THEREFORE, in consideration of the premises and the covenants herein, the sufficiency of which is hereby acknowledged, the Executive and the Company agree as follows:

1. Termination of Employment

The Executive's employment with the Company and its affiliates shall cease effective as of August 29, 2014 (the "Termination Date"). Effective as of the Termination Date, the Executive shall have resigned from all his positions with the Company and its subsidiaries and affiliates (each entity individually, and collectively, the "Company Group"). From and after the Termination Date, the Executive shall not hold any office, title or fiduciary role with any member of the Company Group, except as a consultant pursuant to Section 3 hereof.

2. Payments and Benefits

(a)Deferred Bonus Payment. Subject to the terms of this Agreement, the Company shall pay to the Executive an amount equal to $410,000.00, in respect of previously awarded but deferred incentive cash bonuses, together with all interest accrued thereon calculated in a manner consistent with the Company's past practice (the "Deferred Bonus Payment"). The Deferred Bonus Payment shall be paid to the Executive in a lump sum cash payment, less applicable withholdings and deductions as provided herein, within seven (7) days following the Release Effective Date (as defined in Section 4 hereof).

(b)Accrued Vacation. Subject to the terms of this Agreement, the Company shall pay to the Executive an amount equal to any previously accrued vacation pay, less applicable withholdings and deductions as provided herein, within seven (7) days following the Release Effective Date (as defined in Section 4 hereof).

(c)Continued Health Benefits. The Executive and his eligible dependents shall be entitled to continue to participate in the Company's health and dental insurance plans (collectively, "Health Plans") at the full applicable Consolidated Omnibus Budget Reconciliation Act of 1985 ("COBRA") rate for the applicable COBRA period. The Executive shall be responsible for all payments related to COBRA continuation coverage and for completing and submitting all applicable enrollment documents as required by the administrator. The Executive's participation in the Health Plans shall otherwise be subject to the terms and conditions of the Health Plans as applicable to employees generally from time to time, including the right of the Company to amend or terminate the Health Plans.

(d)Equity Awards. The Executive has previously been granted awards of restricted stock (the "Restricted Stock") and stock options (the "Stock Options") with respect to the common stock of the Company, pursuant to the terms of the Era Group Inc. 2012 Share Incentive Plan (the "Plan"). Effective upon the Release Effective Date, (i) 72,250 shares of Restricted Stock that have not previously become vested (and with respect to which the Executive would not otherwise be entitled to vesting acceleration) shall become vested and non-forfeitable, and (ii) 95,000 shares subject to Stock Options that have not previously become vested (and with respect to which the Executive would not otherwise be entitled to vesting acceleration) shall become vested and exercisable, and shall remain exercisable until the earlier of (A) ninety (90) days following the end of the Consulting Period (as defined herein) or (B) the expiration of the original term of the applicable Stock Option. Except to the extent modified hereby, the Restricted Stock and the Stock Options shall continue to be subject to the terms and conditions as provided by the Plan and respective award agreements for each such award.

(e) No Additional Benefits. The Executive acknowledges and agrees that, except as provided in this Section 2, the Executive's participation as an active employee under any benefit plan, program, policy or arrangement sponsored or maintained by the Company Group shall cease and be terminated as of the Termination Date. Without limiting the generality of the foregoing, the Executive's eligibility for and active participation in any of the tax-qualified plans maintained by the Company Group will end on the Termination Date and the Executive will earn no additional benefits under those plans after that date. The Executive shall be treated as a terminated employee for purposes of all such benefit plans and programs effective as of the Termination Date, and shall receive all payments and benefits due to him under such plans and programs in accordance with the terms and conditions thereof.

(f)Acknowledgement. The Executive understands and agrees that absent this Agreement, he would not otherwise be entitled to any payments and benefits as set forth in Sections 2(a) and (d) and his right to receive the payments and benefits set forth herein shall be an unsecured contractual obligation of the Company and he shall have no greater rights than any other employee, consultant or general unsecured creditor of the Company.

(g)Tax Withholding. Notwithstanding anything contained herein to the contrary, all payments made by the Company or its subsidiaries to the Executive pursuant to this Section 2 shall be reduced by applicable tax withholdings and any other deductions as required by law.

3. Consulting Services

(a)Consulting Period. The Executive shall be retained by the Company as a consultant for the period commencing on August 30, 2014 and expiring on August 31, 2015 , subject to early termination pursuant to Section 3(h) below (as applicable, the "Consulting Period").

(b)Scope of Consulting Services. During the Consulting Period, the Executive shall consult with the Company Group and its executive officers on an as-needed basis regarding the business and operations of the Company and the Company Group, as well as the transition of duties of the Executive to other employees of the Company (the "Consulting Services"). The Executive shall report directly to, and shall perform the Consulting Services as directed by, the Chief Executive Officer of the Company. The Executive also will cooperate with the Company and its affiliates in any pending or future litigation or investigations or other disputes concerning third parties in which the Executive, by virtue of his prior employment with or service to the Company or its subsidiaries, affiliates or predecessors, has relevant knowledge or information. In connection with providing the Consulting Services, the Executive shall comply in full with all applicable laws, rules and regulations, and with the Company Group's Code of Business Conduct & Ethics (as such Code applies to consultants of the Company).

(c) Confidential Information. In connection with the Consulting Services described herein, the Executive will receive, and the Company hereby agrees to provide, certain Confidential Information (as defined in Section 5(a)(i) below) on an as-needed basis during the term of the Consulting Period. The Executive agrees to be bound by the terms of Section 5(a) below, and further promises that he will not disclose such Confidential Information to any person outside the Company without its express written consent to do so, and further agrees that he will not use the Confidential Information for any purpose other than the performance of the Consulting Services.

(d)Performance of Consulting Services. The Consulting Services shall be required at such times and such places as shall not result in unreasonable inconvenience to the Executive, recognizing the Executive's other business commitments that he may have to accord priority over the performance of the Consulting Services. The parties hereto reasonably anticipate that the level of bona fide services that the Executive is to perform for the Company and its subsidiaries during the Consulting Period will not exceed more than twenty percent (20%) of the average level of bona fide services that the Executive performed for the Company and its subsidiaries over the immediately preceding 36-month period (or, if less, since the date the Executive commenced employment with the Company).

(e)Status as Independent Contractor. The Executive acknowledges and agrees that his status at all times during the Consulting Period shall be that of an independent contractor, and that he may not, at any time, act as a representative for or on behalf of the Company Group for any purpose or transaction, and may not bind or otherwise obligate the Company Group in any manner whatsoever without obtaining the prior written approval of an authorized representative of the Company Group therefor. The Executive hereby waives any rights to be treated as an employee or deemed employee of the Company Group for any purpose during the Consulting Period, and that he shall not be entitled to the benefits of being an employee or deemed employee of the Company Group during the Consulting Period. The Executive hereby acknowledges and agrees that, except as provided in Section 2(c) hereof, he shall not be eligible for, shall not actively participate in, and shall not otherwise accrue benefits under, any of the Company Group's benefit plans during the Consulting Period.

(f)Consulting Fees. In consideration for the Consulting Services, subject to the terms hereof, the Company shall pay the Executive a consulting fee of $35,000.00 per month (the "Consulting Fees"). The Consulting Fees shall be paid to the Executive, in arrears, on or about the last business day of the month to which such Consulting Fees relate, and to the extent the Executive performs Consulting Services for only a portion of any month, the Consulting Fees payable in respect of such month to Executive shall be pro-rated. The parties hereby acknowledge and agree that the Consulting Fees shall not be deemed to be wages, and therefore, shall not be subject to any withholdings or deductions. The Executive will receive a Form 1099 with regard to the Consulting Fees, and the Executive shall be solely responsible for, and shall pay, all taxes assessed on such fees under the applicable laws of any federal, state, or local jurisdiction.

(g)Expenses. The Company will be responsible for any reasonable and necessary out-of-pocket expenses incurred by the Executive during the Consulting Period that are directly related to the provision of Consulting Services by the Executive in accordance with the Company's standard expense reimbursement policies applicable to independent contractors, provided that (i) the incurrence of such expenses are approved in advance by the Company, and (ii) appropriate receipts and vouchers for such expenses are submitted to the Company within thirty (30) days after the expenses are incurred.

(h)Early Termination. The Consulting Period shall continue for the term described in Section 3(a) unless terminated earlier (i) upon the Executive's death or Disability; (ii) upon the Executive's election to terminate the Consulting Services for any reason; and (iii) on March 31, 2015 if the Executive becomes employed or otherwise engaged on a full-time basis for another organization prior to that date or immediately upon the Executive becoming employed or otherwise engaged on a full-time basis for another organization thereafter. In the event of any such termination, the Consulting Fees shall cease on the date the termination occurs. For purposes of this Agreement, "Disability" shall be defined as a physical or mental impairment that prevents the Executive from performing the Consulting Services, as determined by the Company in its sole discretion.

4. Release of Claims

Notwithstanding anything to the contrary in this Agreement, the Company shall not be obligated to make any payment to the Executive under this Agreement until (i) the Executive shall have executed and delivered to the Company the Release of Claims attached hereto as Exhibit A (the "Release") and (ii) such Release shall have become effective and irrevocable by the Executive under all applicable law and its terms, both within thirty (30) days following the Termination Date. The Executive may revoke the Release within a period of seven (7) days after execution of the Release; the Executive agrees that any such revocation is not effective unless it is made in writing and delivered to the Company by the end of the seventh calendar day. Under such valid revocation, the Executive shall not be entitled to any severance pay or any other benefits under this Agreement. The Release becomes effective on the eighth (8th) calendar day after it has been executed by the Executive (the date the Release becomes effective and irrevocable, the "Release Effective Date").

5. Restrictive Covenants

In consideration of his rights and benefits under this Agreement, the Executive agrees as follows:

(a)Non-disclosure. As a part of this Agreement, the Executive acknowledges that he is being compensated, in part, in consideration for not disclosing information about the Company Group. The Executive specifically acknowledges and agrees that:

(i)"Confidential Information" shall include, without limitation, all of the Company Group's trade secrets (that is, any information that derives independent economic value from not being generally known or readily ascertainable by the public, whether or not written or stored in any medium); the identity, preferences and selling and purchasing tendencies of actual Company Group suppliers and customers and their respective decision-makers; the Company's marketing plans, information and/or strategies for the development and growth of the Company Group's products, its business and/or its customer base; the terms of the Company Group's deals and dealings with its customers and suppliers; information regarding Company Group employees, including but not limited to their skills, training, contacts, prospects and abilities; the Company Group's training techniques and programs; the Company Group's costs, prices, technical data, inventory position and data processing and management information systems, programs, and practices; the Company Group's personnel policies and procedures and any other information regarding human resources at the Company Group that the Executive obtained in the course of his employment with the Company. To ensure the continued secrecy of Confidential Information, the Executive agrees that he will not divulge, furnish or make accessible to anyone, Confidential Information at any time (including both during and following the Consulting Period), except with the consent of or pursuant to the Company's instructions or pursuant to mandatory court order, subpoena or other legal process.

(ii)Upon the Termination Date, the Executive will immediately turn over to the Company any and all Confidential Information. The Executive agrees that he has no right to retain any copies of Confidential Information for any reason. Notwithstanding the foregoing provisions of this subsection (ii), during the Executive's provision of Consulting Services, the Company Group will expressly provide the Executive certain Confidential Information, and this will not be a violation of this subsection (ii) for so long as the Company Group permits the Executive to retain such information for use in the provision of Consulting Services and provided that the Executive immediately turns over to the Company any and all such Confidential Information upon the conclusion of the Consulting Services. Notwithstanding the language set forth hereinabove, it is agreed that Executive will remove any Confidential Information from his iPhone and other electronic devices and media, and the Company also agrees to make arrangements to release the cellular phone number used by the Executive to the Executive provided it is ported to the Executive’s personal mobile phone account.

(b)Non-disparagement. The Executive agrees that he shall not make nor cause to be made any negative, adverse or derogatory comments or communications that could constitute disparagement of any member of the Company Group or their respective officers or directors, or that may be considered to be derogatory or detrimental to the good name or business reputation of any of the foregoing, including but not limited to the business affairs, financial condition or prospects of any of the Company Group, including, without limitation, comments to any media outlet, industry group, financial institution, client, customer or employee of the Company Group. The Company agrees that it will not make, and agrees to instruct the members of its board of directors, its executive officers and spokespersons of the Company Group to refrain from making, any external statements (or authorizing any statements to be reported as being attributed to the Company Group), that disparage, defame, or denigrate the Executive. Nothing in this Section 5(b) shall be construed to prevent the Executive or the Company from providing information to any governmental agency to the extent required by law, or giving truthful testimony in response to direct questions asked pursuant to a lawful subpoena or other legal process.

(c)Noncompetition. The Executive acknowledges that the Executive has and will continue to perform services of a unique nature for the Company that are irreplaceable, that he will receive Confidential Information in connection with his provision of these services, and that the Executive's performance of such services to a competing business will result in irreparable harm to the Company. Accordingly, and ancillary to and in consideration for the mutual promises between the Executive and the Company contained in this Agreement (including, but not limited to, the Company’s promise to provide Confidential Information and the Executive’s promise not to disclose same), the Executive agrees that the Executive will not, directly or indirectly, own, manage, operate, control, be employed by (whether as an employee, consultant, independent contractor or otherwise, and whether or not for compensation) or render services to any of the following entities: Bristow Group Inc., PHI, Inc., CHC Helicopter, HNZ Group, Gulf Helicopters, Omni, Paiwan Hans Helicopters Ltd., Heli-Union, Weststar, Pegaso, NHV, SonAir, Hevilift, Heliservicio, Blueway, MHS Aviation, Travira Air, Starlite Aviation Group, Senior Taxi Aereo, Helicol-Pas, Helistar, Heliportugal, Silkway, Bel Air,Global Vectra Helicorp Ltd., RLC, LLC, VIH Aviation Group, Milestone Aviation Group, Waypoint Leasing, Lease Corporation International, LOBO Leasing, Macquarie Rotocraft Leasing, The Jordan Company, Nautic Partners, MSD Capital, Quantum Strategic Partners, Cartesian Capital Group, Libra Group, KKR (only as it pertains to those funds of KKR which hold investments in the Prohibited Activities described hereafter), GSO Capital Partners, First Reserve and any entity, affiliate or principal of any entity leasing helicopter aircraft to or buying helicopter aircraft from any of the Company's leasing clients or any of their affiliates, subsidiaries and/or related entities, including, without limitation, any other person, firm, corporation or other entity, in whatever form, which following the date hereof is or subsequently becomes principally engaged in the business of providing helicopter aviation services, leasing helicopters and/or providing goods or services that compete with those provided by any member of the Company Group on the date hereof (collectively, the "Prohibited Activities") during the period from the date hereof until the first anniversary of the termination of the Consulting Period (the "Restricted Period"). Notwithstanding the foregoing, nothing herein shall prohibit the Executive from being (i) a passive owner of not more than one percent (1%) of the equity securities of a publicly traded corporation engaged in the Prohibited Activities, so long as the Executive has no active participation in the business of such corporation or (ii) employed by, or providing services to, a subsidiary, division, portfolio company or unit of any entity that engages in any such Prohibited Activities so long as the Executive does not provide any services to such portion of the entity's business that engages in such Prohibited Activities. The Executive and the Company agree that the nature of the services provided is of a global geographic scope, and therefore the restrictions contained in Paragraph 5(c) and 5(d) are by necessity global in scope as well, and they further agree that such geographic scope is reasonable under the circumstances.

(d)Nonsolicitation; Noninterference. Ancillary to and in consideration for the mutual promises between the Executive and the Company contained in this Agreement (including, but not limited to, the Company's promise to provide Confidential Information and the Executive's promise not to disclose same), during the Restricted Period, the Executive agrees that the Executive shall not, directly or indirectly, individually or on behalf of any other person, firm, corporation or other entity, (i) solicit, aid or induce any customer of the Company Group to purchase goods or services then sold by the Company Group from another person, firm, corporation or other entity or assist or aid any other person or entity in identifying or soliciting any such customer, (ii) solicit, aid or induce any employee, representative, agent or other service provider of the Company Group to leave such employment, retention, service or, in the case of employees or other service providers, to accept employment with or render services to or with any other person, firm, corporation or other entity unaffiliated with the Company Group, or hire or retain any such employee or other service provider, or take any action to materially assist or aid any other person, firm, corporation or other entity in identifying, hiring or soliciting any such employee or other service provider, or (iii) interfere, or aid or induce any other person or entity in interfering, with the relationship between the Company Group and any of their respective vendors, joint venturers or licensors. An employee, representative or agent shall be deemed covered by this Section 5(d) while so employed or retained and for a period of six (6) months thereafter.

6. Enforcement of Restrictions

(a)Reasonableness. The Executive hereby acknowledges that: (i) the restrictions provided in this Agreement (including, without limitation, those contained in Section 5 hereof) are reasonable in light of the necessity of the protection of the business of the Company Group; (ii) his ability to work and earn a living will not be unreasonably restrained by the application of these restrictions; and (iii) if a court concludes that any restrictions in this Agreement are overbroad or unenforceable for any reason, the court shall modify the relevant provision to the least extent necessary and such provision shall be enforced as modified.

(b)Injunctive and Other Relief. The Executive recognizes and agrees that should he fail to comply with the restrictions set forth in this Agreement (including, without limitation, those contained in Section 5 hereof), which restrictions are vital to the protection of the Company Group's business, the Company Group will suffer irreparable injury and harm for which there is no adequate remedy at law. Therefore, the Executive agrees that in the event of the breach or threatened breach by him of any of the restrictive covenants in this Agreement, the Company Group shall be entitled to preliminary injunctive relief against him and any other relief as may be awarded by a court having jurisdiction over the dispute. In the event of a material breach by the Executive of such provisions as determined by the Company acting in good faith and after its notification to, and a failure to cure by, the Executive (to the extent curable) within thirty (30) days thereafter, the Company Group shall have the right to cease making any payments, or providing other benefits, under this Agreement. The rights and remedies enumerated in this Section 6 shall be independent of each other, and shall be severally enforced, and such rights and remedies shall be in addition to, and not in lieu of, any other rights or remedies available to the Company Group in law or in equity.

7. Indemnification

The Company confirms and acknowledges that the Company is obligated to indemnify the Executive pursuant to that certain Officer Indemnification Agreement between the Company and the Executive dated April 2, 2013.

8. Return of Property

Concurrently with the Termination Date, the Executive shall deliver to a designated Company representative all records, documents, hardware, software, and all other Company property and all copies thereof in the Executive's possession. The Executive acknowledges and agrees that all such materials are the sole property of the Company. Notwithstanding anything to the contrary contained herein, the Executive will be entitled to remove, transfer and retain (i) papers and other materials of a personal nature, including without limitation photographs, personal correspondence, personal diaries, personal calendars and rolodexes, personal phone books and files relating exclusively to his personal affairs, (ii) information the Executive reasonably believes are necessary for the planning and preparation of the Executive's personal tax returns and (iii) copies of compensation and benefit plans and agreements relating to the Executive's employment with or termination from the Company.

9. Miscellaneous

(a)Entire Agreement. This Agreement and the Release set forth the entire agreement between the parties with respect to the subject matter hereof. This Agreement supersedes any and all prior understandings and agreements between the parties and neither party shall have any obligation toward the other except as set forth herein. Without limiting the generality of the foregoing, the Executive agrees that the execution of this Agreement and the payments made hereunder shall constitute satisfaction in full of the Company's obligations to the Executive under any and all plans, programs or arrangements of the Company under which the Executive may be entitled to severance or similar payment and/or benefits. This Agreement may not be superseded, amended, or modified except in writing signed by both parties.

(b)Severability and Reformation. Each of the provisions of this Agreement constitutes independent and separable covenants. Any portion of this Agreement that is determined by a court of competent jurisdiction to be overly broad in scope, duration, or area of applicability or in conflict with any applicable statute or rule will be deemed, if possible, to be modified or altered so that it is not overly broad or in conflict or, if not possible, to be omitted from this Agreement. The invalidity of any portion of the Agreement will not affect the validity of the remaining sections of this Agreement.

(c)No Waiver. The failure of a party to insist upon strict adherence to any term of this Agreement on any occasion shall not be considered a waiver thereof or deprive that party of the right thereafter to insist upon strict adherence to that term or any other term of this Agreement.

(d)Successors and Assigns. This Agreement and any rights herein granted are personal to the parties hereto and will not be assigned, sublicensed, encumbered, pledged or otherwise transferred by either party without the prior written consent of the other party, and any attempt at violative assignment, sublicense, encumbrance or any other transfer, whether voluntary or by operation of law, will be void and of no force and effect, except that this Agreement may be assigned by the Company to any successor in interest to the business of the Company. This Agreement shall be binding upon and shall inure to the benefit of the Company, its successors, affiliates and any person or other entity that succeeds to all or substantially all of the business, assets or property of the Company. This Agreement and all of the Executive's rights hereunder shall inure to the benefit of and be enforceable by the Executive's heirs and estate.

(e)No Conflict; Governing Law. Each party represents that the performance of all of the terms of this Agreement will not result in a breach of, or constitute a conflict with, any other agreement or obligation of that party. This Agreement is made in, governed by, and is to be construed and enforced in accordance with the internal laws of the State of Texas, without giving effect to principles of conflicts of law. The parties agree that any legal action or proceeding brought under or in connection with this Agreement or the Executive's employment shall be initiated and maintained in a state or federal court located in Houston, Texas.

(f)Code Section 409A. The intent of the parties is that payments and benefits under this Agreement shall comply with or be exempt from Internal Revenue Code Section 409A and applicable guidance promulgated thereunder (collectively "Code Section 409A") and, accordingly, to the maximum extent permitted, this Agreement shall be interpreted in accordance therewith. In no event whatsoever shall the Company be liable for any tax, interest or penalties that may be imposed on the Executive by Code Section 409A or any damages for failing to comply with Code Section 409A. Each cash payment or benefit provided to the Executive pursuant to this Agreement and/or pursuant to the terms of the benefit plans, programs and policies of the Company Group shall be considered a separate payment for purposes of Code Section 409A. To the extent any taxable expense reimbursement or in-kind benefits under this Agreement is subject to Code Section 409A, the amount thereof eligible in any calendar year shall not affect the amount eligible for any other calendar year, in no event shall any expenses be reimbursed after the last day of the calendar year following the year in which the Executive incurred such expenses, and in no event shall any right to reimbursement or receipt of in-kind benefits be subject to liquidation or exchange for another benefit. Notwithstanding any provisions of this Agreement to the contrary, if the Executive is a "specified employee" (within the meaning of Code Section 409A and determined pursuant to any policies adopted by the Company consistent with Code Section 409A), at the time of the Executive's separation from service and if any portion of the payments or benefits to be received by the Executive upon separation from service would be considered deferred compensation under Code Section 409A and cannot be paid or provided to the Executive without the Executive incurring taxes, interest or penalties under Code Section 409A, amounts that would otherwise be payable pursuant to this Agreement and benefits that would otherwise be provided pursuant to this Agreement, in each case, during the six-month period immediately following the Executive's separation from service will instead be paid or made available on the earlier of (i) the first business day of the seventh month following the date of the Executive's separation from service or (ii) the Executive's death.

10. Confidential Agreement.

The Executive agrees that, as a condition of this Agreement, the Executive will not disclose or in any other manner communicate the terms and provisions of this Agreement to or with any other person except to the Executive's legal counsel, financial or tax advisor(s), or the Executive's significant other (each, an "Authorized Person"). The Executive also acknowledges and agrees that each Authorized Person must be informed by the Executive of, and agree to be bound by, the confidentiality provisions of this Agreement. In the event that the Executive or an Authorized Person is required by law, court order, or subpoena to make any disclosure concerning the Company Group or this Agreement, the Executive will promptly notify the Company of the intended disclosure so as to afford the Company sufficient opportunity to protect and/or enforce the confidentiality provisions of this Agreement.

11. Notices

All notices and other communications hereunder shall be in writing. Any notice or other communication hereunder shall be deemed duly given if it is sent by registered or certified mail, return receipt requested, postage prepaid, and addressed to the intended recipient at the addresses maintained in the Company's records. Notices sent to the Company should be directed to the attention of the Company's General Counsel.

12. Counterpart Agreements

This Agreement may be executed in multiple counterparts, whether or not all signatories appear on these counterparts, and each counterpart shall be deemed an original for all purposes.

13. Captions and Headings

The captions and headings are for convenience of reference only and shall not be used to construe the terms or meaning of any provisions of this Agreement.

(signatures on following page)

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

ERA GROUP INC.

/s/ Christopher S. Bradshaw

By: Christopher S. Bradshaw
Title: Executive Vice President and Chief Financial Officer

STEN L. GUSTAFSON

/s/ Sten L. Gustafson

EXHIBIT A

RELEASE OF CLAIMS

1. Terms of Release. This general release is entered into by Sten L. Gustafson (the "Executive") with respect to his employment by, and his services to, Era Group Inc. (the "Company"), as of the date hereof (the "General Release"), pursuant to the terms of the Separation and Consulting Agreement dated as of the date hereof, and to which this General Release is attached (the "Separation Agreement"), which provides the Executive with certain significant benefits, subject to the Executive's executing this General Release.

2. General. In exchange for and in consideration of the severance and other payments and benefits described in the Separation Agreement, the Executive, on behalf of himself, his agents, representatives, administrators, receivers, trustees, estates, spouse, heirs, devisees, assignees, transferees, legal representatives and attorneys, past or present (as the case may be, and collectively the "Releasors"), hereby irrevocably and unconditionally releases, discharges, and acquits all of the Released Parties (as defined below) from any and all claims, promises, demands, liabilities, contracts, debts, losses, damages, attorneys' fees and causes of action of every kind and nature, known and unknown, which the Executive may have against them up to and including the Effective Date (as defined below), including but not limited to causes of action, claims or rights arising out of, or which might be considered to arise out of or to be connected in any way with: (i) the Executive's employment with the Company or any of its subsidiaries or the termination thereof; (ii) any treatment of the Executive by any of the Released Parties, which shall include, without limitation, any treatment or decisions with respect to hiring, placement, promotion, work hours, discipline, transfer, termination, compensation, performance review or training; (iii) any damages or injury that the Executive may have suffered, including without limitation, emotional or physical injury, or compensatory damages; (iv) employment discrimination, which shall include, without limitation, any individual or class claims of discrimination on the basis of age, disability, sex, race, religion, national origin, citizenship status, marital status, sexual preference, or any other basis whatsoever; and (v) all such other claims that the Executive could assert against any, some, or all of the Released Parties in any forum, accrued or unaccrued, liquidated or contingent, direct or indirect.

3. Broad Construction. This General Release shall be construed as broadly as possible and shall also extend to release each and all of the Released Parties, without limitation, from any and all claims that the Executive or any of the Releasors has alleged or could have alleged, whether known or unknown, accrued or unaccrued, based on acts, omissions, transactions or occurrences that occurred up to the Effective Date against any Released Party for violation(s) of any of the following, in each case, as amended: the National Labor Relations Act; Title VII of the Civil Rights Act of 1964; the Age Discrimination in Employment Act; the Older Workers Benefit Protection Act of 1990; the Civil Rights Act of 1991; Sections 1981-1988 of Title 42 of the United States Code; the Equal Pay Act; the Employee Retirement Income Security Act of 1974; the Immigration Reform Control Act; the Americans with Disabilities Act of 1990; the Fair Labor Standards Act; the Occupational Safety and Health Act; the Sarbanes-Oxley Act of 2002; the Texas Labor Code; the Texas Commission on Human Rights Act; the Texas Pay Day Act; Chapter 38 of the Texas Civil Practices and Remedies Code; any other federal, state, foreign or local law, ordinance and/or regulation; any public policy, whistleblower, contract, tort, or common law; and any demand for costs or litigation expenses, including but not limited to attorneys' fees (collectively, with the release of claims set forth in Section 2, the "Released Claims"). The severance payments and other rights and benefits of the Executive expressly provided for under the Separation Agreement and this General Release, any vested rights and benefits under any benefit plan, program, policy or arrangement sponsored or maintained by the Company Group, as well as any rights that the Executive may have to be indemnified by the Company pursuant to that certain Officer Indemnification Agreement between the Company and the Executive dated April 2, 2013, the Company's Certificate of Incorporation, By-laws or directors and officers liability insurance policies, are excluded from this General Release. Also excluded from this General Release are claims which arise after the date of this General Release.

4. Released Parties. The term "Released Parties" or "Released Party" as used herein shall mean and include: (i) the Company; (ii) the Company's former, current and future parents, subsidiaries, affiliates, shareholders and lenders; (iii) each predecessor, successor and affiliate of any person listed in clauses (i) and (ii); and (iv) each former, current, and future officer, director, agent, representative, employee, servant, owner, shareholder, partner, joint venturer, attorney, employee benefit plan, employee benefit plan administrator, insurer, administrator, and fiduciary of any of the persons listed in clauses (i) through (iii), and any other person acting by, through, under, or in concert with any of the persons or entities listed herein.

5. OWBPA and ADEA Release. Pursuant to the Older Workers Benefit Protection Act of 1990 ("OWBPA"), the Executive understands and acknowledges that by executing this General Release and releasing all claims against each and all of the Released Parties, he has waived any and all rights or claims that he has or could have against any Released Party under the Age Discrimination in Employment Act ("ADEA"), which includes, but is not limited to, any claim that any Released Party discriminated against the Executive on account of his age. The Executive also acknowledges the following:

(a)The Company, by this General Release, has advised the Executive to consult with an attorney prior to executing this General Release;

(b)The Executive has had the opportunity to consult with his own attorney concerning this General Release;

(c)This General Release does not include claims arising from any act, omission, transaction or occurrence that happens after the Effective Date, provided, however, that any claims arising after the Effective Date from the then-present effect of acts or conduct occurring on or before the Effective Date shall be deemed released under this General Release; and

(d)The Company has provided the Executive the opportunity to review and consider this General Release for 21 days (the "Review Period"). At the Executive's option and sole discretion, the Executive may waive the Review Period and execute this General Release before the expiration of 21 days. In electing to waive the Review Period, the Executive acknowledges and admits that he was given a reasonable period of time within which to consider this General Release and his waiver is made freely and voluntarily, without duress or any coercion by any other person. This General Release shall be null and void ab initio in the event the Executive does not execute and return this General Release to the Company by September 18, 2014.

6. ADEA Revocation Period. The Executive may revoke this General Release within a period of seven days after execution of this General Release. The Executive agrees that any such revocation is not effective unless it is made in writing and delivered to the attention of the General Counsel of the Company by the end of the seventh calendar day. Under any such valid revocation, the Executive shall not be entitled to any severance or other payments or benefits under the Separation Agreement. This General Release becomes effective and irrevocable on the eighth calendar day after it is executed by the Executive (the "Effective Date").

7. Representations by the Executive. The Executive confirms that no claim, charge, or complaint against any of the Released Parties, brought by him, exists before any federal, state, or local court or administrative agency. The Executive represents and warrants that he has no knowledge of any improper or illegal actions or omissions by any of the Released Parties, nor does he know of any basis on which any third party or governmental entity could assert such a claim. This expressly includes, but is not limited to, any and all conduct that potentially could give rise to claims under the Sarbanes-Oxley Act of 2002 (Public Law 107-204).

8. No Right to File Action or Proceeding. Unless otherwise prohibited by law, the Executive agrees that he will not, at any time hereafter, voluntarily participate in as a party, or permit to be filed by any Releasor or any other person on his behalf or as a member of any alleged class of persons, any action or proceeding of any kind, against the Company, SEACOR Holdings Inc. or any other Released Party (whether acting as agents for the Company or in their individual capacities), with respect to any Released Claims; in addition, the Executive agrees to have himself removed from any such action or proceeding with respect to which he has involuntarily become a party. The Executive further agrees that he will not seek or accept any award or settlement from any source or proceeding with respect to any claim or right covered by this General Release and that this General Release shall act as a bar to recovery in any such proceedings. This General Release shall not affect the Executive's rights under the OWBPA to have a judicial determination of the validity of this General Release and does not purport to limit any right Executive may have to file a charge under the ADEA or other civil rights statute or to participate in an investigation or proceeding conducted by the Equal Employment Opportunity Commission or other investigative agency. This General Release does, however, waive and release any right to recover damages under the ADEA or other civil rights statute.

9. No Admission of Liability. The Executive agrees that neither this General Release nor the furnishing of the consideration for this General Release as set forth in this General Release shall be deemed or construed at any time for any purpose as an admission by the Released Parties of any liability or unlawful conduct of any kind. The Executive further acknowledges and agrees that the consideration provided for herein is adequate consideration for the Executive's obligations under this General Release.

10. Governing Law. This General Release shall be governed by and construed in accordance with the laws of the State of Texas without regard to its conflict of laws provisions. If any provision of this General Release is declared legally or factually invalid or unenforceable by any court of competent jurisdiction and if such provision cannot be modified to be enforceable to any extent or in any application that is acceptable to the Company, then, in the discretion of the Company, such provision immediately may be deemed null and void, leaving the remainder of this General Release in full force and effect.

11. Prior Agreements. This General Release, along with the Separation Agreement, sets forth the entire agreement between the Executive and the Company and it supersedes any and all prior agreements or understandings, whether written or oral, between the parties, except as otherwise specified in this General Release or the Separation Agreement. . The Executive acknowledges that he has not relied on any representations, promises, or agreements of any kind made to him in connection with his decision to sign this General Release, except for those set forth in this General Release and the Separation Agreement.

12. Amendment. This General Release may not be amended except by a written document signed by the Executive, which specifically refers to this General Release.

13. Counterparts; Execution Signatures. This General Release may be executed in any number of counterparts by the Executive and in separate counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which when taken together shall constitute one and the same agreement.

THE EXECUTIVE ACKNOWLEDGES THAT HE HAS CAREFULLY READ THIS GENERAL RELEASE; THAT HE HAS HAD THE OPPORTUNITY TO THOROUGHLY DISCUSS ITS TERMS WITH COUNSEL OF HIS CHOOSING; THAT HE FULLY UNDERSTANDS ITS TERMS AND ITS FINAL AND BINDING EFFECT; THAT THE ONLY PROMISES MADE TO SIGN THIS GENERAL RELEASE ARE THOSE STATED AND CONTAINED IN THIS GENERAL RELEASE; AND THAT HE IS SIGNING THIS GENERAL RELEASE KNOWINGLY AND VOLUNTARILY. THE EXECUTIVE STATES THAT HE IS IN GOOD HEALTH AND IS FULLY COMPETENT TO MANAGE HIS BUSINESS AFFAIRS AND UNDERSTANDS THAT HE MAY BE WAIVING SIGNIFICANT LEGAL RIGHTS BY SIGNING THIS GENERAL RELEASE.

(SIGNATURE PAGE TO FOLLOW)

IN WITNESS WHEREOF, the Executive has executed this General Release as of the date set forth below.

STEN L. GUSTAFSON

/s/ Sten L. Gustafson

Date: August 28, 2014

Exhibit 31.1

CERTIFICATION

I, Christopher S. Bradshaw, certify that:

1. I have reviewed this quarterly report on Form 10−Q of Era Group Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a−15(e) and 15d−15(e)) for the registrant and have:
   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) 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
   c) 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 4, 2014

/s/ Christopher S. Bradshaw

Name: Christopher S. Bradshaw

Title: Acting Chief Executive Officer and Chief Financial Officer
(Principal Executive Officer)

Exhibit 32.1

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

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

(1) the accompanying Quarterly Report on Form 10-Q for the period ending September 30, 2014, 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 4, 2014

/s/ Christopher S. Bradshaw

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