



# BREAKING THROUGH THE CLOUDS

2015 PROXY STATEMENT AND ANNUAL REPORT

We live our core values. We put the client first.  
We build on our heritage. We pursue excellence.  
We serve others.

**My Fellow Shareholders:**

Fiscal year 2015 was a challenging year for Bristow, our clients and the oil and gas industry as a whole. We were not immune to the sharp decline in oil prices and significant appreciation of the U.S. dollar. However, as a financially strong and differentiated company in the oilfield services industry, we were not as severely impacted either. Our employees responded to these challenging times with resilience and purpose. As I approach the end of my first year as Bristow's President and CEO, I am awed by the passion, energy and leadership of our team during this downturn. Our team continues to set higher standards in operational excellence and achieve them every day in the name of safety and client service.



# THE BRISTOW WAY



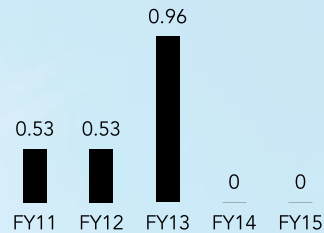
## **FY15: Commitment to Industry Safety through Collaboration**

Safety is of the utmost importance, and will remain so as our company and industry continue to mature. Regardless of the challenges facing our company, we continue to focus on safety as our number one core value. As part of our commitment to our Target Zero safety culture, Bristow is moving from lagging indicators to leading indicators in key areas. We will continue to adapt to changing economic realities while proactively committing substantial resources to safety.





**AIR ACCIDENT RATE\*  
PER 100,000 FLIGHT HOURS**  
\*Includes commercial operations only



For the fiscal year ended March 31, 2015, our Air Accident Rate (AAR) for global operations (commercial helicopter and fixed wing) was zero, and our Total Recordable Incident Rate (TRIR) was 0.23. Our consolidated commercial operations recently finished a second consecutive year achieving Target Zero for air accidents, a considerable achievement.

I am particularly proud of our West African operations, as they achieved complete air and ground Target Zero for a second year in a row; a huge achievement given the challenges of working in such a dynamic region. Additionally, our North American operations also achieved air and ground Target Zero during fiscal year 2015.

Interest and participation in HeliOffshore, our industry's global organization for safety collaboration, continue to grow. As we stated in last year's letter, Bristow's commitment to Safety Through Collaboration means we will make every effort to share our safety-related intellectual property with all HeliOffshore members.

We also expect to be the beneficiary of information sharing by our fellow members, because there is always more to learn. Since its launch in October 2014, enrollment in HeliOffshore has grown to nearly 50 members, and includes client companies, helicopter manufacturers and lessor partners. We

are pleased with the achievements of this organization under HeliOffshore CEO Gretchen Haskin's leadership.

### **FY15: Proactively Confronting Market Challenges**

In the past nine months, the changing commodity, currency and business environment has negatively impacted our clients and has affected our business. This not only has been a supply-oriented price decline, but has also been driven by less energy demand globally. Additionally, significant currency depreciation against the U.S. dollar has affected our earnings.

Effective April 1, 2015, Bristow reorganized its global operations into regions to better serve our clients. The four new geographic regions, Africa, Americas, Asia Pacific and Europe Caspian combine operations from our former business units. The regions are headed by regional directors, who have functional oversight for safety, quality and regional regulatory compliance. Finance, legal and human resources functions remain in Houston.

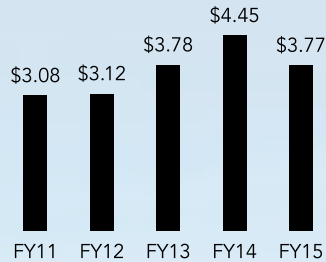
In early calendar year 2015, we also announced that our maintenance business functions would be absorbed by the regions. This realignment will simplify our repair processes, as the majority of maintenance is currently performed within the regions. These changes are consistent with our Operations Transformation and our goal to streamline and standardize our processes, simplify our operating model and support innovative and faster responses to our global clients' needs.

As part of our Transformation, we continually look for areas that are ripe for innovation. Our Americas region, for example, identified an opportunity to increase aircraft utilization

# LIFTING THE WORLD



**EARNINGS PER SHARE ADJUSTED FOR SPECIAL ITEMS AND AIRCRAFT SALES**



by working with its clients to optimize flight scheduling. We now are able to serve more clients with fewer aircraft by offering lower priced flights at off-peak times, such as in the afternoon.

**FY15: Financial Strength to Survive, Thrive and Win for Our Clients and Our Company**

Our clients have suffered as the price of oil has fallen. Bristow has been working with clients, helicopter manufacturers and lessor partners to identify cost and capital efficiencies during this downturn. We have achieved some success, which has benefited our clients through increased operational efficiency while improving our revenue, EBITDAR and Bristow Value Added (BVA), the primary financial metric by which we manage, in fiscal year 2015. Our operating cash flow also benefited, which supports our investing activities including the successful start of our UK Search and Rescue (SAR) contract on April 1, 2015.

**Stats:**

- Operating revenue of \$1.7 billion, a 13.9% increase over last year
- Large AirCraft Equivalent (LACE) of 166, compared to 158 in FY14
- LACE Rate of \$9.33 million, compared to \$9.34 million in FY14

- BVA of \$99.6 million, compared to \$64.7 million a year ago

However, the unprecedented and quick appreciation of the U.S. dollar negatively impacted Bristow's earnings per share results more than the oil price decline. Although we are predominantly naturally hedged in our primary currencies from a cash flow perspective, the translational impact of the U.S. dollar's appreciation, especially versus the Brazilian real, significantly impacted our GAAP and adjusted earnings. As a part of our prudent financial management philosophy, Bristow periodically hedges certain foreign currency exposures in order to benefit our cash flow.

In February 2015, our Board approved our 16th consecutive quarterly dividend. During fiscal year 2015, Bristow also spent \$80.8 million to repurchase over a million shares of our common stock, which means more than eight percent of our common stock has been repurchased since we first commenced a share repurchase program in December 2011. Our capital allocation strategy to invest for growth and provide a balanced return to our shareholders will continue to guide the company in the future.

**FY15: Accomplishments Serving Clients**

Despite the industry downturn, the services provided by the offshore helicopter industry saw incremental demand growth. Our focus on deepwater offshore production and diversification into civilian search and rescue (SAR) and fixed-wing services continues to differentiate us from pure play offshore oil and gas service companies as well as traditional oilfield service companies.

We were busy in fiscal year 2015 serving this incremental demand. Bristow commenced two new contracts with a client in the Norwegian

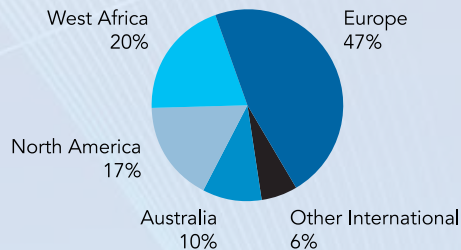
# CREATING WHAT'S POSSIBLE





ADJUSTED EBITDAR\* BY BUSINESS UNIT  
FISCAL YEAR 2015

\*Excludes corporate and other



North Sea to support its operations in the Ekofisk field, which included the provision of offshore crew change and SAR services.

We continue to see growth in the offshore Brazilian market, and in fiscal year 2015 saw the release of several new tenders. We believe this market has significant long-term growth prospects for our Brazilian affiliate, Líder.

Cougar Helicopters, our Canadian affiliate, received a major contract extension for at least another six years, to continue transporting workers from St. John's, Newfoundland, to offshore oil installations. This contract extension involves Cougar's construction of a new hangar facility at the St. John's International Airport. The new hangar facility will incorporate Cougar's existing SAR hangar and will be able to accommodate up to ten aircraft once completed.

**FY15: Accomplishments in Operations Transformation**

Bristow moved forward with our Operations Transformation by reaching two significant milestones in fiscal year 2015: the successful go-live of SAP and of eFlight. These achievements required significant investment as well as significant planning, coordination and execution across our global operations

by a large number of dedicated employees who contributed their time, experience and talent to making go-live for both initiatives successful. Our new business platform opens a new chapter that will allow us to grow and integrate operations more efficiently, and improve safety, compliance and business intelligence for our company.

As part of Operations Transformation, Bristow remains committed to our goal of reducing our fleet to as few as eight helicopter types in approximately five years while at the same time continuing to support Bristow's growth plans for the future. The end result will be a substantial reduction in operational complexity and a more globally standardized helicopter fleet, which will allow Bristow to more quickly and effectively meet our clients' requests for our services.

**FY15: Accomplishments for Future Growth**

In October 2014, I issued a challenge to the industry at the Helitech Conference in Amsterdam. The helicopter industry must create life-of-aircraft support agreements with helicopter manufacturers to share availability risk in order to be able to support our clients' future needs. I am very pleased to report that one partner, Airbus Helicopters, was the first to step up and accept this challenge. In March 2015, Bristow rewarded them by increasing its total firm orders for the H175 to 17 at Heli-Expo. This is the largest single order for this new aircraft type to date.

Bristow also announced a platform development agreement with AgustaWestland for the AW609 TiltRotor program. The signing of this agreement sets a major milestone for the development of the first commercial tiltrotor toward FAA/EASA certification, which we expect will be received in 2017. This

# DOING IT FOR YOU



exclusive agreement further strengthens the relationship between our companies and gives Bristow a lead in offering seamless point-to-point logistics solutions for clients in one airframe.

In early calendar year 2015, Bristow Helicopters Australia Ltd acquired an 85 percent interest in Airnorth, the leading charter and scheduled service fixed-wing carrier in Northern Australia. The acquisition of Airnorth will extend Bristow Australia's existing services to include fixed wing, providing point-to-point logistics solutions to our clients in this market, similar to our acquisition of Eastern Airways in the UK in the prior fiscal year.

Bristow will continue to invest in and execute our long-term vision to be an indispensable partner to our clients, in pursuit of our goals of generating \$5 billion in revenue and having a \$10 billion enterprise value by 2020.

Why should we continue to focus on growth in the current market environment? It's widely recognized that when the markets recover and demand increases for our services, our company, which has planned and executed for growth in the downturn, will emerge even stronger than before the downturn.

#### **FY15: SAR Accomplishments**

SAR represents an opportunity to diversify our business and reduce our exposure to the volatility of the oil and gas industry. In fiscal year 2015, Bristow Helicopters Ltd celebrated its first anniversary of delivering Gap SAR contract services from Sumburgh and Stornoway in Northern Scotland. During fiscal year 2015, our crews completed 350 missions and rescued or assisted more than 375 people.

Launch of the UK SAR contract was marked by successfully beginning operations at the first two UK SAR bases at Humberside and

Inverness on schedule on April 1, 2015.

The start-up of additional SAR bases will continue throughout fiscal year 2016. We look forward to providing this critical service to all of the citizens of the United Kingdom in the years to come.

#### **FY15: Accomplishments for Our Communities**

Bristow supports people and communities by developing the skills of our employees, and taking the lead on improving the health and access to educational opportunities for the people in the communities where we operate.

Through Bristow Uplift, our charitable giving program, Bristow aligns its responsible business practices with social investments that will make a positive difference, build strong community relationships, and create long-term value for its business. Our employees are the heart of Bristow Uplift, contributing many volunteer hours each year to the charities of their choice. In fiscal year 2015, Bristow donated a total of \$836,935; \$370,000 through our large gifts program, \$417,600 in local donations and nearly \$50,000 in matching gifts. This represents an increase of more than 40 percent over the previous fiscal year. Notable volunteer activities included:

- Company-wide recognition of R U OK? Day, a day to remind employees to connect in meaningful ways with colleagues, friends and family;
- \$50,000 donation to ReelAbilities, a Houston-based film festival that promotes inclusion and celebrates the lives of individuals with disabilities;
- \$75,000 donation to the Sebecly Cancer Care and Support Centre in Nigeria; and
- \$100,000 donation to the Honey pot Children's Charity, a UK-based charity that supports vulnerable children.

**FY16: The Bristow Way – Be Humble, but with Great Resolve**

I am blessed to have a great senior leadership team, and a board of directors that I believe is best in class, in energy or any other industry. And to make it even better, I am proud that The Honorable David C. Gompert joined our board in February 2015, bringing his extensive experience in government, government services and international relations to our Board and management as we seek to expand our SAR services to other governments around the world. His depth of knowledge and intellect are assets to our company and we look forward to his contributions to our organization.

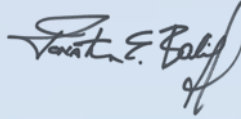
Bristow leadership and our Board have seen many cycles in our industry. None of them is ever the same. But one of the silver linings of a downturn is that an institution is humbled no matter how smart and no matter how strong,

and that's a good thing. The Bristow Way is about lifting the world; creating what's possible, and doing it for you.

We are making changes now not only to operate effectively in the current market downturn, but also to emerge stronger, better positioned to compete globally and with a greater sense of purpose when the market recovers.

On behalf of our employees and partners around the globe, thank you for your continued support of Bristow.

Be safe,



Jonathan E. Baliff  
*President and Chief Executive Officer  
Bristow Group Inc.*





**BRISTOW GROUP INC.  
2103 CITY WEST BLVD., 4TH FLOOR  
HOUSTON, TEXAS 77042**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

The Annual Meeting of Stockholders of Bristow Group Inc. (the "Company") will be held at the Company's corporate headquarters located at 2103 City West Boulevard, 4th Floor, Houston, Texas 77042 on August 5, 2015, at 8:00 a.m. (Central Daylight Time) for the following purposes:

1. To elect as directors the nominees named in this proxy statement to serve until the next Annual Meeting of Stockholders and until their successors are chosen and have qualified;
2. To approve on an advisory basis the Company's executive compensation; and
3. To approve and ratify the selection of KPMG LLP ("KPMG") as the Company's independent auditors for the fiscal year ending March 31, 2016.

Our stockholders may also transact such other business at the Annual Meeting of Stockholders as may properly come before the meeting and any postponements or adjournments thereof. Our Board of Directors has fixed the close of business on June 11, 2015, as the record date for determination of stockholders entitled to notice of and to vote at the meeting.

We are furnishing proxy materials to our stockholders using the U.S. Securities and Exchange Commission ("SEC") rule that allows companies to furnish their proxy materials over the Internet. As a result, on June 23, 2015, we are mailing to many of our stockholders a Notice of Internet Availability of Proxy Materials ("E-Proxy Notice") instead of a paper copy of this Proxy Statement and our Fiscal Year 2015 Annual Report. The E-Proxy Notice contains instructions on how to access our 2015 Proxy Statement and Fiscal Year 2015 Annual Report over the Internet. The E-Proxy Notice also provides instructions on how you can request a paper copy of our proxy materials, including this Proxy Statement, our Fiscal Year 2015 Annual Report and a form of our proxy card. All stockholders who do not receive an E-Proxy Notice, including the stockholders who have previously requested to receive paper copies of our proxy materials, will receive a paper copy of our proxy materials by mail unless these stockholders have previously requested delivery of our proxy materials electronically. If you received our annual materials via e-mail in accordance with your previous request, the e-mail contains voting instructions and links to this Proxy Statement and our Annual Report on the Internet.

**YOUR VOTE IS IMPORTANT. WHETHER OR NOT YOU PLAN TO ATTEND OUR ANNUAL MEETING OF STOCKHOLDERS, WE HOPE YOU WILL VOTE AS SOON AS POSSIBLE. YOU MAY VOTE BY PROXY OVER THE INTERNET, OR, IF YOU RECEIVED PAPER COPIES OF OUR PROXY MATERIALS BY MAIL, YOU CAN VOTE BY MAIL, TELEPHONE OR INTERNET BY FOLLOWING THE INSTRUCTIONS ON THE PROXY CARD.**

By Order of our Board of Directors

A blue ink signature of E. Chipman Earle, written in a cursive style.

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E. Chipman Earle  
*Senior Vice President, Chief Legal Officer  
and Corporate Secretary*

Houston, Texas  
June 23, 2015

## PROXY STATEMENT SUMMARY

This summary highlights certain information contained elsewhere in this proxy statement. This summary does not contain all the information that you may wish to consider prior to voting. Please review the entire proxy statement and the Company's Annual Report on Form 10-K for more detailed information.

### 2015 Annual Meeting of Stockholders

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<b>Meeting Date:</b>	August 5, 2015
<b>Meeting Time:</b>	8:00 a.m. (Central Daylight Time)
<b>Meeting Place:</b>	2103 City West Boulevard, 4th Floor Houston, Texas 77042
<b>Record Date:</b>	June 11, 2015
<b>Voting Eligibility:</b>	Only stockholders as of the close of business on the Record Date are eligible to vote at the Annual Meeting of Stockholders or by proxy and each such stockholder shall have one vote for each share of common stock held on the Record Date.
<b>Voting Methods:</b>	Eligible stockholders may vote their shares in any of the following four ways: <ul style="list-style-type: none"><li>➤ <b>In Person</b> – You may vote your shares at the Annual Meeting of Stockholders (you will need to bring evidence of your shareholding as well as valid photo identification);</li><li>➤ <b>By Mail</b> – You may mail your completed and executed proxy card to the address above (Attention Bristow Corporate Secretary) which must be received by the Company on or prior to August 4, 2015;</li><li>➤ <b>By Internet</b> – You may go to <a href="http://www.envisionreports.com/BRS">www.envisionreports.com/BRS</a> for voting instructions or scan the QR code on your proxy card with your smartphone, then cast your vote electronically by 11:59 p.m. (Eastern Daylight Time) on August 4, 2015; or</li><li>➤ <b>By Phone</b> – You may call toll free 1-800-652-VOTE (8683) within the USA, US territories &amp; Canada on a touch tone telephone and follow the instructions provided by the recorded message to vote your shares by phone prior to 11:59 p.m. (Eastern Daylight Time) on August 4, 2015.</li></ul>

### Business of the Meeting

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Voting Matter	Board Vote Recommendation	See Page Number for more information
Item 1 - Election of Directors	FOR each nominee	P-12
Item 2 - Advisory Approval of Executive Compensation	FOR	P-56
Item 3 - Approval and Ratification of the Company's Independent Auditors	FOR	P-58

### Our Director Nominees

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You are being asked to vote on the election of these eleven directors. Additional information about each director's background, skills and experience can be found on pages P-12 – P-18.

Name	Age	Director Since	Principal Occupation	Independent	Committee Memberships
Thomas N. Amonett	71	2006	President and CEO Athlon Solutions, LLC	✓	Audit Compensation
Jonathan E. Baliff	51	2014	President and CEO Bristow Group Inc.		
Stephen J. Cannon	61	2002	Former President and CEO TSG Technical Services, Inc.	✓	Audit
Michael A. Flick	66	2006	Former Executive VP and CAO First Commerce Corporation	✓	Audit Governance
Lori A. Gobillot	53	2012	Founding Partner and Consultant InVista Advisors LLC	✓	Compensation
Ian A. Godden	61	2010	Non-Executive Chairman KBC Advanced Technologies	✓	Audit Governance

Name	Age	Director Since	Principal Occupation	Independent	Committee Memberships
David C. Gompert	69	2015	Distinguished Visiting Professor for National Security Studies United States Naval Academy	✓	Governance
Stephen A. King	54	2011	Finance Director Caledonia Investments plc	✓	Audit
Thomas C. Knudson	69	2004	Founder and President Tom Knudson Interests	✓	Governance
Mathew Masters	41	2011	Head of Quoted Pool Caledonia Investments plc	✓	Compensation
Bruce H. Stover	66	2009	Former Executive VP, Operations and Business Development Endeavour International Corporation	✓	Compensation

## Features of Our Executive Compensation Program

Our executive compensation program is designed to support and reinforce our strategic objectives while at the same time aligning the interests of our management with those of our stockholders. Through our annual and long-term incentive compensation, we incentivize strong individual performance in the areas of value realization to our clients, a strong sense of commitment and ownership in our people, continuous improvement in the execution of our operations and prudent financial growth.

### What We Do

- ✓ Place a heavy emphasis on variable pay with over 80% of Named Executive Officer pay contingent upon financial and operational performance and growth in long-term stockholder value.
- ✓ Use performance-based long-term incentive awards compensation through cash awards contingent upon total stockholder return (“TSR”) performance relative to peers and restricted stock units and stock options for which value is contingent upon stock price performance relative to grant date.
- ✓ Reinforce the alignment of stockholders and our executives and directors by requiring significant levels of stock ownership.
- ✓ Ensure accountability and manage risk through our clawback rights, limits on maximum annual cash incentive award opportunities and ongoing risk assessments of our program.
- ✓ Have an independent compensation consultant.
- ✓ Meet with large stockholders to discuss matters of interest.

### What We Do Not Do

- ⊗ Provide excise tax gross-ups.
- ⊗ Allow pledging, hedging of our company stock or reprice stock options.
- ⊗ Pay dividend equivalents prior to vesting of performance awards (and never on unearned portion of awards).
- ⊗ Enter into employment agreements with any of our executive officers hired after June 2012.
- ⊗ Provide any significant perquisites.
- ⊗ Guarantee bonuses or provide automatic base salary increases.

## Our Independent Auditors

The Audit Committee of our Board of Directors has determined that the firm of KPMG is independent from the Company and once again selected KPMG as the Company’s independent auditors for fiscal year 2016. Our Board recommends a vote for the approval and ratification of the selection of KPMG, which conducted the examination of the Company’s financial statements for each of the past thirteen fiscal years. KPMG’s total fees for fiscal years 2015 and 2014 were \$4.6 million and \$4.3 million, respectively, which included approximately \$1.2 million (or 26%) of non-audit services in fiscal year 2015 and approximately \$1.2 million (or 27%) of non-audit services in fiscal year 2014 that were authorized by the Audit Committee in compliance with our pre-approval policies and procedures.

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## GENERAL INFORMATION

### **Why did I receive this Proxy Statement?**

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The Board of Directors of Bristow Group Inc. (the “Company” or “we,” “us” or “our”) is soliciting proxies to be voted at the Annual Meeting of Stockholders (“Annual Meeting”) to be held on August 5, 2015, and at any adjournment of the Annual Meeting. When the Company asks for your proxy, we must provide you with a proxy statement that contains certain information specified by law. This proxy statement and the related proxy card were made available to stockholders on approximately June 23, 2015. All proxies in the form provided by the Company that are properly executed and returned to us prior to the Annual Meeting will be voted at the Annual Meeting, and any adjournments thereof, as specified by the stockholders in the proxy or, if not specified, as set forth in this proxy statement.

### **What will the stockholders vote on at the Annual Meeting?**

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The stockholders will vote on the following:

- election of the nominees named in this proxy statement as directors;
- advisory approval of executive compensation; and
- approval and ratification of the Company’s independent auditors.

### **Will there be any other items of business on the agenda?**

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We do not expect that any other items of business will be considered because the deadlines for stockholder proposals and nominations have already passed. Nonetheless, in case there is an unforeseen need, the accompanying proxy gives discretionary authority to the persons named on the proxy with respect to any other matters that might be brought before the meeting. Those persons intend to vote that proxy in accordance with their best judgment.

### **Who is entitled to vote?**

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Stockholders as of the close of business on June 11, 2015 (the “Record Date”) may vote at the Annual Meeting. You have one vote for each share of common stock you held on the Record Date. As of the Record Date, we had 34,917,581 shares of common stock outstanding.

### **How many votes are required for the approval of each item?**

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Each nominee for director receiving more votes cast for than against his or her election or re-election will be elected. In the event a nominee fails to receive more votes cast for than against his or her election or re-election, the Board will take action within 90 days of the stockholder vote to either accept or reject the letter of resignation submitted by such nominee. Abstentions and instructions to withhold authority to vote for one or more of the nominees and broker nonvotes (as defined below) will result in those nominees receiving fewer votes but will not count as votes “against” a nominee.

The approval of the Company’s executive compensation, on a non-binding advisory basis, requires the affirmative vote of a majority of votes cast on this proposal. Abstentions and broker nonvotes will not count either for or against the proposal.

The approval of KPMG as the Company’s independent auditors for the fiscal year ending March 31, 2016 will be ratified if the votes cast for the proposal exceed the votes cast against the proposal. Abstentions and broker nonvotes will not count either for or against the proposal.

### **What are “broker nonvotes”?**

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If your shares are held by a broker, the broker will ask you how you want your shares to be voted. If you give the broker instructions, your shares must be voted as you direct. If you do not give instructions, one of two things can happen depending on the type of proposal. For “routine” proposals, including the approval and ratification of the Company’s independent auditors, the broker may vote your shares at its discretion. But for “non-routine” proposals, including the election of directors and the advisory approval of executive compensation, the broker may not vote your shares at all. When that happens, it is called a “broker nonvote.” Broker

nonvotes are counted in determining the presence of a quorum at the Annual Meeting, but they are not counted for purposes of calculating the votes cast on particular matters considered at the Annual Meeting.

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**Will my broker vote my shares for me on the election of directors?**

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Your broker will **not** be able to vote your shares with respect to the election of directors if you have not provided directions to your broker. Therefore, it is very important that you vote your shares for all proposals, *including the election of directors*.

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**Why did I receive a notice in the mail regarding Internet availability of the proxy materials instead of a paper copy of the proxy materials?**

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We are pleased to be distributing our proxy materials again to certain stockholders via the Internet under the “notice and access” approach permitted by the rules of the SEC. As a result, we are mailing to many of our stockholders an E-Proxy Notice about the Internet availability of the proxy materials instead of a full paper copy of the proxy materials. This approach conserves natural resources and reduces our costs of printing and distributing the proxy materials, while providing a convenient method of accessing the materials and voting. All stockholders receiving the E-Proxy Notice will have the ability to access the proxy materials over the Internet and may request to receive a paper copy of the proxy materials by mail. Instructions on how to access the proxy materials over the Internet or to request a paper copy may be found in the E-Proxy Notice. In addition, the E-Proxy Notice contains instructions on how you may request to access proxy materials in printed form by mail or electronically on an ongoing basis.

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**How can I access the proxy materials over the Internet?**

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Your E-Proxy Notice about the Internet availability of the proxy materials or proxy card will contain instructions on how to:

- View our proxy materials for the Annual Meeting on the Internet; and
- Instruct us to send our future proxy materials to you electronically by e-mail.

Our proxy materials are also available on our website at [www.bristowgroup.com](http://www.bristowgroup.com).

Your E-Proxy Notice or proxy card will contain instructions on how you may request to access proxy materials electronically on an ongoing basis. Choosing to access your future proxy materials electronically will reduce the costs of printing and distributing our proxy materials. If you choose to access future proxy materials electronically, you will receive an e-mail with instructions containing a link to the website where our proxy materials are available and a link to the proxy voting website. Your election to access proxy materials by e-mail will remain in effect until terminated by you.

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**How do I vote by proxy?**

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If you are a stockholder of record, you may vote your proxy by marking your proxy card to reflect your vote, signing and dating each proxy card you receive and returning each proxy card in the enclosed self-addressed envelope. The shares represented by your proxy will be voted according to the instructions you give on your proxy card. In addition, you may vote your shares by telephone or via the Internet by following the instructions provided on the E-Proxy Notice or proxy card.

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**How do I revoke my proxy?**

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You have the right to revoke your proxy at any time before the meeting by notifying our Corporate Secretary in writing or by delivering a later-dated proxy. If you are a stockholder of record, you may also revoke your proxy by voting in person at the meeting.

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**How do I vote in person?**

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If you are a stockholder of record, you may vote your shares in person at the meeting. However, we encourage you to vote by proxy card, even if you plan to attend the meeting.

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**How do I submit a stockholder proposal or nominate a director for the Annual Meeting?**

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Rule 14a-8(e) under the Securities Exchange Act of 1934 provides that, if a stockholder wishes to have a proposal considered for inclusion in next year’s proxy statement, he or she must submit the proposal in writing so that we receive it by February 24, 2016, which is the 120th calendar day before the anniversary of the date of this proxy statement. However, if the date of next year’s Annual Meeting is more than 30 days from the first anniversary of this year’s Annual Meeting, notice is required a reasonable period of time

before we print and mail our proxy materials. We will notify you of this deadline in a Quarterly Report on Form 10-Q or in another communication to you. Proposals should be addressed to our Corporate Secretary, 2103 City West Blvd., 4th Floor, Houston, Texas 77042. In addition, our bylaws provide that any stockholder wishing to nominate a candidate for director or to propose any other business at next year's Annual Meeting must give us written notice not earlier than the close of business on April 7, 2016, and not later than the close of business on May 7, 2016, which are the 120th day prior to and the 90th day prior to the first anniversary of this year's Annual Meeting. However, if the date of the Annual Meeting is more than 30 days before or more than 60 days after such anniversary date, notice is required not earlier than 120 days prior to the Annual Meeting and not later than the later of 90 days prior to the Annual Meeting or the 10th day after publicly disclosing the meeting date.

Our bylaws require that a nominee for election as a director must deliver to our Corporate Secretary an irrevocable letter of resignation pursuant to our majority vote policy described in more detail below as well as a written questionnaire with respect to the background and qualification of such person and the background of any other person or entity on whose behalf the nomination is being made, together with specified written representations concerning voting agreements, arrangements with parties other than the Company and compliance with the citizenship provisions of our bylaws and other governance matters, as set forth in our bylaws.

In addition, stockholders seeking to submit a nomination or proposal for consideration at a meeting of stockholders are required to provide additional detailed information with respect to their record and beneficial ownership of the Company's stock, as well as information regarding the nominees or other business the stockholder proposes to bring before a meeting of the stockholders. Copies of our bylaws are available to stockholders free of charge upon request to our Corporate Secretary.

## CORPORATE GOVERNANCE

### Corporate Governance Guidelines

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Our Board of Directors (or, our “Board”) has adopted Corporate Governance Guidelines that govern the structure and functioning of our Board and set out our Board’s policies on a number of governance issues. A copy of our Corporate Governance Guidelines is posted on our website, [www.bristowgroup.com](http://www.bristowgroup.com), under the “Governance” caption.

### Director Independence

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Our Corporate Governance Guidelines require that a substantial majority of our Board consist of independent directors. In general, the Corporate Governance Guidelines require that an independent director must have no material relationship with the Company, directly or indirectly, except as a director. Our Board determines independence on the basis of the standards specified by the New York Stock Exchange (the “NYSE”) and other facts and circumstances our Board considers relevant.

Our Board has reviewed any business transactions and charitable relationships between the Company and each director standing for election to determine compliance with the categorical standards described above and to evaluate whether there are any other facts or circumstances that might impair the independence of a director. In making this determination, our Board considered that directors Mathew Masters and Stephen A. King are directors and executive officers of Caledonia Investments plc (“Caledonia”) and were designated by Caledonia to our Board pursuant to a Master Agreement dated December 12, 1996 among the Company, a predecessor in interest to Caledonia and certain other persons in connection with our acquisition of 49% of and other substantial interests in Bristow Aviation Holdings Limited (“Bristow Aviation”). In connection with such transaction, we and Caledonia also entered into a Put/Call Agreement whereunder, upon giving specified prior notice, we have the right to buy all the Bristow Aviation shares held by Caledonia, who, in turn, has the right to sell such shares to us. Messrs. Masters and King also serve on the board of directors of Bristow Aviation; however, neither Caledonia nor Messrs. Masters and King receive any distributions or compensation from Bristow Aviation. Our Board has considered Caledonia’s interests in each of the Company and Bristow Aviation and determined that there is no conflict in such interests. Our Board believes that having the two Caledonia designees on our Board helps further align the interests of our Board with our stockholders. Beginning in September 2004, the Company began paying to Caledonia the amount of guaranteed return on the put/call on a quarterly basis. In fiscal year 2015, the Company paid to Caledonia \$0.1 million representing the amount due for the period from April 1, 2014 to March 31, 2015. According to its most recent Form 13F filed with the SEC on April 23, 2015, Caledonia was the direct beneficial owner of 1,618,729 shares of our common stock as of March 31, 2015, representing approximately 4.65% of our shares outstanding on such date. Our Board determined that Messrs. Masters and King do not have a material relationship with the Company due to their affiliation with Caledonia because, consistent with principles in NYSE listing standards, our Board does not view ownership of even a significant amount of stock, by itself, as a bar to an independence finding. Further, Messrs. Masters and King disclaim beneficial ownership of the common stock owned by Caledonia. Based on its review, our Board has determined that Ms. Gobillot and Messrs. Amonett, Cannon, Flick, Godden, Gompert, King, Knudson, Masters and Stover are independent. Our Board has appointed only independent directors to our Audit Committee and Compensation Committee in accordance with the independence requirements set forth in the SEC rules, NYSE listing standards and the charters of such committees.

### Term of Office; Mandatory Retirement

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All of our directors stand for election at each Annual Meeting.

Under our Corporate Governance Guidelines:

- directors will resign from our Board effective at the Annual Meeting of Stockholders following their 75th birthday, unless two-thirds of the members of our Board (with no independent director dissenting) determine otherwise;
- employee directors will resign from our Board when they retire, resign or otherwise cease to be employed by the Company;
- a non-employee director who retires or changes his or her principal job responsibilities will offer to resign from our Board and the Governance and Nominating Committee of our Board will assess the situation and recommend to the full Board whether to accept the resignation; and
- a director who joins or resigns from the board of directors of another public company, or otherwise changes roles or committees on such board of directors, is not required to offer to resign from our Board, but any such director must notify and consult with our Chief Legal Officer prior to joining another public company’s board of directors or audit committee.

Under our bylaws, the Board shall nominate only those candidates for election or re-election to our Board who have submitted an irrevocable letter of resignation which would be effective upon and only in the event that (i) in an Uncontested Election such nominee fails to receive more votes cast for than against his or her election or re-election and (ii) the Board accepts this resignation following such failure.

## **Executive Sessions**

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The Company's Corporate Governance Guidelines provide that at each regularly scheduled meeting, the Company's non-management directors shall meet in executive session without any management participation. In addition, if any of the non-management directors are not independent under the applicable rules of the NYSE, then independent directors will meet separately at least once a year. Normally, the Chairman of our Board will preside at executive sessions, but, if the roles of Chairman and Chief Executive Officer are combined, the non-management directors will select another director to serve as Lead Director to preside at such sessions. If an additional meeting of independent non-management directors is necessary, and the Chairman of our Board is not independent, then one of the independent non-management directors will be selected as Lead Director to preside at that meeting.

## **Code of Ethics and Business Conduct**

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Our Board has adopted a Code of Business Integrity for directors and employees (our "Code"). Our Code applies to all directors and employees, including the chief executive officer, the chief financial officer, and all senior financial officers. Our Code covers topics including, but not limited to, conflicts of interest, insider trading, competition and fair dealing, discrimination and harassment, international trade regulations, confidentiality, compliance procedures and employee complaint procedures. Our Board periodically reviews and revises our Code, as it deems appropriate. Our Code is posted on our website, [www.bristowgroup.com](http://www.bristowgroup.com), under the "About Us—Vision, Mission, Values—Code of Business Integrity" caption.

The Governance and Nominating Committee will review any issues under our Code involving an executive officer or director and will report its findings to the full Board. Only in special circumstances will our Board consider granting a waiver to any provision of our Code, and any waiver will be promptly disclosed.

## **Director Selection**

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Our Board has adopted criteria for the selection of directors that describe the qualifications the Governance and Nominating Committee must evaluate and consider with respect to director candidates. Such criteria include the following:

- Experience serving as chief executive officer or other senior corporate executive,
- International business experience,
- Energy or oilfield service company experience,
- Aviation or logistics management experience,
- Finance, accounting, legal or banking experience, and
- Government relations experience.

These criteria are included in the Corporate Governance Guidelines which are posted on our website. Although our Board does not have a formal diversity policy, the Nominating and Corporate Governance Committee, when assessing the qualifications of prospective nominees to our Board, takes into account our Board's desire to have an appropriate mix of backgrounds and skills. Each nominee's personal and professional integrity, experience, skills, ability and willingness to devote the time and effort necessary to be an effective board member, and commitment to acting in the best interests of the Company and our stockholders, are also factors. Our Board does not select director nominees on the basis of race, color, gender, national origin, marital status or religious affiliation.

The Governance and Nominating Committee believes that each of the nominees for director has attributes that are important to an effective board, including integrity and demonstrated high ethical standards, sound judgment, analytical skills, the ability to engage management and each other in a constructive and collaborative fashion and the commitment to devote significant time and energy to service on our Board and its committees. In addition, when considering each of the nominees for director, the committee reviewed their overall level of expertise and experience in their respective professions, which is described in the director biographies herein.

The Governance and Nominating Committee found that each of the nominees has the skills and experience that is particularly relevant to the Company’s business, as outlined below:

	Senior Corporate Executive Experience	International Business Experience	Energy or Oilfield Service Company Experience	Aviation or Logistics Management Experience	Finance, Accounting, Legal or Banking Experience	Government Relations Experience
Thomas N. Amonett	✓	✓	✓		✓	
Jonathan E. Baliff	✓	✓	✓	✓	✓	✓
Stephen J. Cannon	✓	✓		✓	✓	✓
Michael A. Flick	✓		✓		✓	
Lori A. Gobillot	✓	✓		✓	✓	
Ian A. Godden	✓	✓	✓	✓	✓	
David C. Gompert	✓	✓		✓	✓	✓
Stephen A. King	✓	✓			✓	
Thomas C. Knudson	✓	✓	✓	✓		✓
Mathew Masters	✓	✓			✓	
Bruce H. Stover	✓	✓	✓			

The Governance and Nominating Committee proposes nominees for director and acts pursuant to its charter, which is posted on our website, [www.bristowgroup.com](http://www.bristowgroup.com), under the “Governance” caption. It is the policy of the Governance and Nominating Committee to consider director candidates recommended by our employees, directors, stockholders, and others, including search firms. The Governance and Nominating Committee has sole authority to retain and terminate any search firm used to identify candidates for director and has sole authority to approve the search firm’s fees and other retention terms.

If a stockholder wishes to recommend a director for nomination, he or she must follow the procedures set forth below for nominations to be made directly by a stockholder. In addition, the stockholder should provide such other information as such stockholder may deem relevant to the Governance and Nominating Committee’s evaluation. All recommendations, regardless of the source of identification, are evaluated on the same basis as candidates recommended by our directors, chief executive officer, other executive officers, third-party search firms or other sources.

Our bylaws permit stockholders to nominate directors for election at an annual stockholders meeting regardless of whether such nominee is submitted to and evaluated by the Governance and Nominating Committee. To nominate a director using this process, the stockholder must follow procedures set forth in our bylaws. Those procedures require a stockholder wishing to nominate a candidate for director at next year’s Annual Meeting to give us written notice not earlier than the close of business on the 120th day prior to the anniversary date of the immediately preceding Annual Meeting and not later than the close of business on the 90th day prior to the anniversary date of the immediately preceding Annual Meeting. However, if the date of the Annual Meeting is more than 30 days before or more than 60 days after such anniversary date, notice is required not earlier than 120 days prior to the Annual Meeting and not later than the later of 90 days prior to the Annual Meeting or the 10th day after we publicly disclose the meeting date. The notice to our Corporate Secretary must include the following:

- The nominee’s name, age and business and residence addresses;
- The nominee’s principal occupation or employment;
- The class and number of our shares, if any, owned by the nominee;
- The name and address of the stockholder as they appear on our books;
- The class and number of our shares owned by the stockholder as of the record date for the Annual Meeting (if this date has been announced) and as of the date of the notice;
- A representation that the stockholder intends to appear in person or by proxy at the meeting to nominate the candidate specified in the notice;
- A description of all arrangements or understandings between the stockholder and the nominee; and

- Any other information regarding the nominee or stockholder that would be required to be included in a proxy statement relating to the election of directors, including the specific experience, qualifications, attributes or skills that led the stockholder to believe that the person should serve as a director.

In addition, our bylaws require that a nominee for election or re-election must deliver to our Corporate Secretary an irrevocable letter of resignation pursuant to our majority vote policy described in more detail above as well as a written questionnaire with respect to the background and qualification of such person and the background of any other person or entity on whose behalf the nomination is being made and make certain representations and agreements.

Our bylaws provide that at least two-thirds of our Board must be citizens of the United States within the meaning of the Federal Aviation Act. Our bylaws provide that a person that is not a citizen of the United States is not eligible for nomination or election as a director if such person's election, together with the election of any incumbent directors that are not U.S. Citizens and are candidates for election as Directors at the same time, would cause less than two-thirds of the Company's directors to be citizens of the United States. Of the eleven director nominees proposed by our Board for election at the Annual Meeting of Stockholders, eight (or more than two-thirds) are citizens of the United States within the meaning of the Federal Aviation Act.

### **Board Leadership Structure**

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Pursuant to our Corporate Governance Guidelines, our Board may combine the roles of the Chairman with that of the chief executive officer if it determines that this provides the most effective leadership model. Our Board also recognizes that it may be desirable to assign these roles to different persons from time to time to ensure that our Board remains independent and responsive to stockholder interests. If our Board combines the role of the Chairman with that of the chief executive officer, then our Board will also select a Non-Executive Chairman/Lead Director to schedule and chair executive sessions of our Board and to perform such other functions as are assigned to such Non-Executive Chairman/Lead Director by our Board on the recommendation of the Governance and Nominating Committee.

Our Board's current belief is that the functions performed by the Chairman and the chief executive officer should continue to be performed by separate individuals in order to allow the Chairman to lead our Board in its fundamental role in providing guidance and oversight of management and the chief executive officer to focus on managing the day-to-day business of the Company. Our Board reevaluates its view on such leadership structure periodically.

### **Risk Oversight**

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The Company has historically placed a high level of importance on addressing, pre-empting and managing those matters that may present a significant risk to the Company. Our Board has oversight responsibility of the processes established to report and monitor material risks applicable to us. Our Board has delegated to management the responsibility to manage risk and bring to the attention of our Board the most material risks to our Company. The Company has robust internal enterprise risk management processes and a strong internal control environment to identify and manage risks and to communicate with our Board about these risks. Additionally, our Board has established financial guidelines concerning liquidity, coverage and leverage intended to allow the Company to maintain a strong balance sheet and financial flexibility in all market conditions while avoiding excessive financial risk. Our Board is updated regularly on relevant matters, including, but not limited to, compliance with the financial guidelines, tax and accounting matters, litigation status, compliance with governmental regulations, quality controls, safety performance, strategic and operational and financial issues. Our Board frequently discusses these matters in detail in order to adequately assess and determine the Company's potential vulnerability and consider appropriate risk management strategies and mitigating controls where necessary.

In accordance with the charter of the Audit Committee, the Audit Committee meets periodically with management to review our major financial risk exposures and the steps management has taken to monitor and control such exposures. The Audit Committee reports to our Board at each regularly scheduled meeting. Our Board also regularly meets separately with the Company's independent auditors and internal auditors in executive session outside the presence of management.

### **Director Attendance**

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Our Board held eight meetings during the past fiscal year. During this period, no incumbent director attended fewer than 75% of the aggregate of (i) the total number of meetings of our Board during the period in which he or she was a director and (ii) the total number of meetings held by all committees on which he or she served during the period in which he or she was a director. Our Board expects each of the directors to attend all of the meetings of our Board and each of the committees on which he or she serves which is one of the reasons that our Board in May 2013 decided to no longer pay meeting attendance fees to directors but instead compensate directors through a combination of an annual director fee and restricted stock awards.

It is our policy that each director of the Company is also expected to be present at each Annual Meeting, absent circumstances that prevent attendance. All of our directors attended the Annual Meeting held on July 31, 2014. We facilitate director attendance at the Annual Meetings by scheduling such meetings in conjunction with regular Board and committee meetings.

## **Communication with Directors**

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Our Board welcomes the opportunity to hear from our stockholders and proactively engages with our stockholders on matters of interest such as executive compensation, corporate governance and Company strategy. Our Board maintains a process for stockholders and interested parties to communicate directly with our Board. All communications should be delivered in writing addressed to our Corporate Secretary at 2103 City West Blvd., 4th Floor, Houston, Texas 77042. The correspondence should be addressed to the appropriate party, namely: (i) Bristow Group Inc. - Board, (ii) Bristow Group Inc. - Governance and Nominating Committee, (iii) Bristow Group Inc. - Audit Committee, (iv) Bristow Group Inc. - Compensation Committee or (v) the individual director designated by full name or position as it appears in the Company's most recent proxy statement. We also maintain policies for stockholders and other interested parties to communicate with the Lead Director of executive sessions or with the non-management directors as a group. Such communications should be delivered in writing to: Lead Director or Non-Management Directors of Bristow Group Inc., as the case may be, c/o Corporate Secretary, Bristow Group Inc., 2103 City West Blvd., 4th Floor, Houston, Texas 77042. Communications so addressed and clearly marked as "Stockholder Communications" will be forwarded by our Corporate Secretary unopened to, as the case may be, the Chairman of our Board or the then-serving Lead Director (being the independent director scheduled to preside at the next meeting of the non-management or independent directors).

All communications must be accompanied by the following information:

- If the person submitting the communication is a security holder, a statement of the type and amount of the securities of the Company that the person holds; or, if the person is not a stockholder, a statement regarding the nature of the person's interest in the Company; and
- The address, telephone number and e-mail address, if any, of the person submitting the communication.

For more detail, refer to our Company Policy for Communication with our Board posted on our website, [www.bristowgroup.com](http://www.bristowgroup.com), under the "Governance" caption.

## **Forum Selection**

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In March 2014, our Board approved an amendment to our bylaws that provides that, unless our Board consents in writing to the selection of an alternative forum, the sole and exclusive forum for (i) any derivative action or proceeding brought on behalf of the Company, (ii) any action asserting a claim of breach of a fiduciary duty owed by any director, officer or other employee of the Company to the Company or the Company's stockholders, (iii) any action asserting a claim arising pursuant to any provision of the Delaware General Corporation Law (the "DGCL"), or (iv) any action asserting a claim governed by the "internal affairs doctrine," shall be a state or federal court located within the State of Delaware, in all cases subject to the court having personal jurisdiction over the indispensable parties named as defendants.

Our Board adopted the forum selection provision to serve the Company's best interests and benefit stockholders by minimizing the expense of litigation in multiple jurisdictions and directing claims to courts that have expertise in Delaware corporate law. The Company's forum selection provision seeks to address the issues that arise when plaintiffs or their lawyers forum-shop, such as the growing trend of companies facing the filing of duplicative lawsuits in multiple jurisdictions. In this regard, the Company's forum selection provision may allow the Company and our stockholders to avoid costly and duplicative litigation and the risk of inconsistent outcomes when multiple similar cases proceed in different courts. Thus, our Board believes that selecting an exclusive forum for certain types of disputes is in the best interests of the Company and our stockholders.

Our Board also believes that designating Delaware courts as the exclusive forum benefits the Company and stockholders by having claims heard by courts that have expertise in Delaware corporate law. The Company is incorporated in the State of Delaware. Delaware courts, and in particular, the Delaware Court of Chancery, are widely regarded as having significant expertise in corporate law issues.

Furthermore, our Board narrowly tailored the forum selection provision to apply only to certain suits. Specifically, as described above, the forum selection provision provides the sole and exclusive forum only for certain derivative actions, fiduciary duty claims, claims arising pursuant to the DGCL, and claims governed by the internal affairs doctrine that should be brought in Delaware. As a result, the provision does not affect the ability of stockholders to bring many other types of lawsuits, such as lawsuits under the federal



securities laws that are not derivative in nature, in any appropriate forum. Moreover, our Board retains the ability to consent to an alternative forum on a case-by-case basis.

Many companies have adopted similar provisions, and in June 2013, the Delaware Court of Chancery upheld the facial validity of forum selection provisions that are very similar to the provision added to our bylaws, holding that they were statutorily and contractually valid. In addition, our Board's adoption of the forum selection bylaw amendment is consistent with Delaware law and with Article VIII of our bylaws, which gives our Board the authority and flexibility to adopt bylaw amendments without also obtaining stockholder approval. We believe this process is appropriate given our Board's responsibility to protect the interests of the Company and our stockholders.

## COMMITTEES OF THE BOARD OF DIRECTORS

Our Board has standing Audit, Compensation and Governance and Nominating Committees. The charter for each of these committees is posted on our website, [www.bristowgroup.com](http://www.bristowgroup.com), under the “Governance” caption and is available free of charge on request to our Corporate Secretary at 2103 City West Blvd., 4th Floor, Houston, Texas 77042. During fiscal year 2015, the Audit Committee met four times, the Compensation Committee met five times and the Governance and Nominating Committee met three times. As of the Record Date, the members and chairperson for each of the Audit, Compensation and Governance and Nominating Committees were as set forth in the table below and each of the members of each such committee was determined to be independent as defined by the applicable NYSE and SEC rules. The members and chairperson for each committee set forth below were the same in the prior fiscal year, except that Mr. Cannon resigned from the Governance and Nominating Committee to make room for our Board’s newest director, Mr. Gompert, who joined our Board on February 4, 2015 and subsequently joined the Governance and Nominating Committee on May 14, 2015.

Independent Directors	Board Committees		
	Audit	Compensation	Governance and Nominating
Thomas N. Amonett	● ■	● ■	
Stephen J. Cannon	● ■		
Michael A. Flick	● ■		● ■
Lori A. Gobillot		● ■	
Ian A. Godden	● ■		● ■
David C. Gompert			● ■
Stephen A. King	● ■ ☰		
Thomas C. Knudson			● ■ C
Mathew Masters		● ■	
Bruce H. Stover		● ■ C	

- - Committee Chairperson
- - Committee Member
- ☰ - Audit Committee Financial Expert

### Audit Committee

The Audit Committee is directly responsible for the appointment, compensation, retention and oversight of the Company’s independent auditors. The Audit Committee also monitors the integrity of the Company’s financial statements and the independence and performance of the Company’s auditors and reviews the Company’s financial reporting processes. The Audit Committee reviews and reports to our Board the scope and results of audits by the Company’s independent auditors and the Company’s internal auditing staff and reviews the audit and other professional services rendered by the independent auditors. It also reviews with the independent auditors the adequacy of the Company’s system of internal controls. It reviews transactions between the Company and the Company’s directors and officers, the Company’s policies regarding those transactions and compliance with the Company’s business ethics and conflict of interest policies.

Our Board requires that all members of the Audit Committee meet the financial literacy standard required under the NYSE rules and that at least one member qualifies as having accounting or related financial management expertise under the NYSE rules. In addition, the SEC has adopted rules requiring that the Company disclose whether or not the Company’s Audit Committee has an “audit committee financial expert” as a member. An “audit committee financial expert” is defined as a person who, based on his or her experience, has all of the following attributes:

- an understanding of generally accepted accounting principles and financial statements;
- an ability to assess the general application of such principles in connection with accounting for estimates, accruals and reserves;
- experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and level of complexity of issues that can reasonably be

expected to be raised by the Company's financial statements, or experience actively supervising one or more persons engaged in such activities;

- an understanding of internal controls and procedures for financial reporting; and
- an understanding of audit committee functions.

The person is to further have acquired such attributes through one or more of the following:

- education and experience as a principal financial officer, principal accounting officer, controller, public accountant or auditor or experience in one or more positions that involve the performance of similar functions;
- experience actively supervising a principal financial officer, principal accounting officer, controller, public accountant, auditor or person performing similar functions; and
- experience overseeing or assessing the performance of companies or public accountants with respect to the preparation, auditing or evaluation of financial statements or other relevant experience.

Our Board has reviewed the criteria set by the SEC and determined that all five members meet the financial literacy standards required by NYSE rules and qualify under the NYSE rules as having accounting or related financial management expertise. Our Board has also determined that Mr. King qualifies as an audit committee financial expert.

### **Compensation Committee**

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The Compensation Committee, among other matters:

- approves the compensation of the Chief Executive Officer and all other executive officers;
- evaluates the performance of the Chief Executive Officer and all other executive officers against approved performance goals and other objectives and reports its findings to our Board;
- reviews and approves changes in certain employee benefits and incentive compensation plans which affect executive officer compensation;
- reviews and makes recommendations with respect to changes in equity-based plans and director compensation; and
- prepares a report to be included in the Company's annual proxy statement.

In order to assist the Committee in satisfying its responsibilities set forth above, the Committee from time to time engages independent legal counsel as well as a compensation consultant. Awards under equity-based plans are considered and approved by a subcommittee of the Compensation Committee, which consists entirely of "non-employee directors," as defined by Rule 16b-3 under the Securities and Exchange Act of 1934, as amended, all of whom satisfy the requirements of an "outside director" for purposes of Section 162(m) of the Internal Revenue Code.

### **Governance and Nominating Committee**

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The Governance and Nominating Committee assists our Board in:

- identifying individuals qualified to become members of our Board consistent with criteria approved by our Board;
- recommending to our Board the director nominees to fill vacancies and to stand for election at the next Annual Meeting;
- developing and recommending to our Board the corporate governance guidelines to be applicable to the Company;
- recommending committee assignments and chairperson designations for directors to our Board;
- overseeing the evaluation process by which our Board or any committee thereof reviews our Board's, any committee's or management's performance; and
- overseeing the succession plan process for each of the Company's senior executive officers and the Chairman of our Board.

## ITEM 1 - ELECTION OF DIRECTORS

Our Board currently consists of eleven directors. The term of office of all of our present directors will expire no later than the day of the Annual Meeting upon the election of their successors. Our Board has fixed the number of directors to be elected at the Annual Meeting at eleven. The directors elected at the Annual Meeting will serve until their respective successors are elected and qualified or until their earlier death, resignation or removal.

Unless authority to do so is withheld by the stockholder, each proxy executed and returned by a stockholder will be voted for the election of the nominees hereinafter named. Directors having beneficial ownership derived from presently existing voting power of approximately 5.2% of our common stock as of the Record Date have indicated that they intend to vote for the election of each of the nominees named below. If any nominee withdraws or for any reason is unable to serve as a director, the persons named in the accompanying proxy either will vote for such other person as our Board may nominate or, if our Board does not so nominate such other person, will not vote for anyone to replace the nominee. Except as described below, our management knows of no reason that would cause any nominee hereinafter named to be unable to serve as a director or to refuse to accept nomination or election.

Pursuant to our bylaws, in an Uncontested Election (as defined in our bylaws), the nominees for director receiving more votes cast for than against his or her election or re-election will be elected. In the event a nominee fails to receive more votes cast for than against his or her election or re-election, our Board will take action within 90 days of the stockholder vote to either accept or reject the letter of resignation submitted by such nominee. Our Board will promptly and publicly disclose its decision regarding whether or not to accept such nominee's resignation letter. In a Contested Election (as defined in our bylaws), the nominees for director receiving a plurality of the votes cast will be elected. The proxyholder named in the accompanying proxy card will vote FOR each of the nominees named herein unless otherwise directed therein. In Contested Elections and Uncontested Elections, abstentions and instructions to withhold authority to vote for one or more of the nominees and broker nonvotes will result in those nominees receiving fewer votes but will not count as votes AGAINST a nominee.


**Our Board recommends that stockholders vote FOR the election to our Board of each of the nominees named below.**

### **Information Concerning Nominees**

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Our present Board proposes for election the following eleven nominees for director. Each of the nominees named below is currently a director of the Company and each, with the exception of Mr. Gompert, was elected at the Annual Meeting held on July 31, 2014. Mr. Gompert was recommended to our Nominating and Governance Committee by a third-party search firm and one of our non-employee directors. Mr. Gompert was appointed to our Board on February 4, 2015 following an extensive interview and screening process involving a number of qualified candidates, and taking into account, among other things, stockholders' interest in adding directors with significant corporate executive, international business and government relations experience. He was subsequently recommended by our Governance and Nominating Committee and appointed by our Board to our Governance and Nominating Committee on May 14, 2015. All nominees for director are nominated to serve one-year terms until the Annual Meeting in 2016 and until their respective successors are elected and qualified, or until their earlier resignation, removal from office, or death.

We have provided information below about our nominees, including their age, citizenship and business experience during the past five years, including service on other boards of directors. We have also included information about each nominee's specific attributes, experience or skills that led our Board to conclude that he or she should serve as a director on our Board in light of our business and structure. Unless we specifically note below, no corporation or organization referred to below is a subsidiary or other affiliate of Bristow Group Inc.

Name, Citizenship & Age	Current or Former Principal Occupation, Position and Dates	Other Directorships (Committees, if any, and Dates)
 <b>Thomas N. Amonett</b> American Age: 71  <b>Board</b> since 2006 <b>Audit</b> since 2006 <b>Compensation</b> since 2006	<u>Athlon Solutions, LLC</u> (a private provider of specialty chemicals and related services to refineries and other industrial companies) - <i>President and Chief Executive Officer</i> , since April 2013  <u>Champion Technologies Inc.</u> (a private, international specialty chemicals manufacturer) - <i>President, Chief Executive Officer and a director</i> , 1999 – April 2013  <u>American Residential Services, Inc.</u> (a public company providing equipment and services for residential living) - <i>President, Chief Executive Officer and a director</i> , 1997 – 1999	<i>Public Companies:</i> - Hercules Offshore, Inc. (Nominating and Governance) (since 2007) - Orion Marine Group, Inc. (Audit & Nominating and Governance) (since 2007)  <i>Private Companies:</i> - T.F. Hudgins Inc. (since 2014) - Champion Technologies Inc. (1999 – 2013)


**Board Recommendation:** Our Board concluded that Mr. Amonett should continue to serve on our Board, in light of our business and structure, for the reasons set forth below.

**Key attributes, experience and skills:** Mr. Amonett is an attorney by education and he has extensive executive leadership experience that he has attained through serving as a chief executive officer for almost two decades. He also has significant board experience that he has attained through serving on the boards of several private and public companies in the energy services industry. Mr. Amonett’s legal insight and business acumen have proven to be invaluable assets for our Board and, in particular, the Audit and Compensation Committees.

Name, Citizenship & Age	Current or Former Principal Occupation, Position and Dates	Other Directorships (Committees, if any, and Dates)
 <b>Jonathan E. Baliff</b> American Age: 51  <b>Board</b> since 2014	<u>Bristow Group Inc.</u> - <i>President and Chief Executive Officer</i> , since July 2014 - <i>President</i> , June 2014 – July 2014 - <i>Senior Vice President and Chief Financial Officer</i> , 2010 – June 2014  <u>NRG Energy, Inc.</u> (a public, power and energy company) - <i>Executive Vice President, Strategy</i> , 2008 – 2010  <u>Credit Suisse, Global Energy Group</u> (a public investment bank) - <i>Managing Director</i> , 1996 – 2008	<i>Private Companies:</i> - Jewish Family Services of Houston (Chairman of the Administrative Services Committee) (since 2011) - Georgetown University Graduate School of Foreign Service (Advisory Board) (since 2010)


**Board Recommendation:** Our Board concluded that Mr. Baliff should continue to serve on our Board, in light of our business and structure, for the reasons set forth below.

**Key attributes, experience and skills:** As our President and Chief Executive Officer, Mr. Baliff provides a critical link between senior management and our Board. Mr. Baliff served on active duty in the U.S. Air Force for eight years from 1985 to 1993 in numerous assignments flying the F-4G Phantom including the first combat missions during the first Gulf War. Mr. Baliff’s commitment to safety originated from these experiences as an aviator. In addition to his military, aviation and financial experience, his extensive experience in the energy industry together with his knowledge of the culture, operations and clients of the Company assist our Board in making strategic decisions.

Name, Citizenship & Age	Current or Former Principal Occupation, Position and Dates	Other Directorships (Committees, if any, and Dates)
	<p><b>Stephen J. Cannon</b> American Age: 61</p> <p><u>TSG Technical Services, Inc.</u> (a private, international government service provider) - (Retired) <i>President and Chief Executive Officer</i>, 2007 – 2009</p> <p><u>DynCorp International LLC</u> (a private technology company) - <i>President and Chief Executive Officer</i>, 2005 – 2006 - <i>President</i>, 2000 – 2005 - <i>General Manager, Technical Services</i>, 1993 – 1999 - <i>Vice President, Aerospace Technology</i>, 1988 – 1993</p>	- None
<p><b>Board</b> since 2002 <b>Audit</b> since 2002 <b>Governance</b> from 2004 to 2015</p>		


**Board Recommendation:** Our Board concluded that Mr. Cannon should continue to serve on our Board, in light of our business and structure, for the reasons set forth below.

**Key attributes, experience and skills:** Mr. Cannon’s almost 25 years of service at DynCorp afforded him the opportunity to develop extensive operations, international business and aviation skills and ultimately gain executive management experience. His subsequent experience as President and Chief Executive Officer at TSG required him to develop expertise in the area of governmental relations and contracts which may be of particular use for our Board as the Company increases its search and rescue business in the United Kingdom and explores other search and rescue opportunities with various governments around the world.

Name, Citizenship & Age	Current or Former Principal Occupation, Position and Dates	Other Directorships (Committees, if any, and Dates)
	<p><b>Michael A. Flick</b> American Age: 66</p> <p><u>First Commerce Corporation</u> (a public commercial bank), 1970 – 1998 - (Retired) <i>Executive Vice President and Chief Administrative Officer</i>, 1992 – 1998</p> <p>- <i>Chief Financial Officer</i>, late 1980s – early 1990s - <i>Chief Credit Policy Officer</i>, 1979 – 1992</p>	<p><i>Public Companies:</i> - Gulf Island Fabrication Inc. (Compensation and Audit) (since 2007)</p> <p><i>Private Companies:</i> - University of New Orleans Foundation (Investment) (since 1985) - Catholic Foundation of New Orleans (Finance) (2011 – 2013) - Community Coffee Company (1998 – 2009)</p>
<p><b>Board</b> since 2006 <b>Audit</b> since 2006 <b>Compensation</b> from 2007 to 2012 <b>Governance</b> since 2012</p>		


**Board Recommendation:** Our Board concluded that Mr. Flick should continue to serve on our Board, in light of our business and structure, for the reasons set forth below.

**Key attributes, experience and skills:** Mr. Flick’s experience in the banking and financial services industries provides him with extensive knowledge of financial reporting, legal and audit compliance and risk management making him highly qualified to serve as a member of the Audit Committee and our Board. In addition, his prolonged and continued service on multiple public and private company boards make him highly qualified to serve as a member of our Corporate Governance and Nominating Committee.

	<b>Name, Citizenship &amp; Age</b>	<b>Current or Former Principal Occupation, Position and Dates</b>	<b>Other Directorships (Committees, if any, and Dates)</b>
 <p><b>Board</b> since 2012 <b>Compensation</b> since 2012</p>	<p><b>Lori A. Gobillot</b> American Age: 53</p>	<p><u>InVista Advisors LLC</u> (a private project management and consulting company) - <i>Founding Partner and Consultant</i>, since 2013</p> <p><u>United Airlines, Inc.</u> (a public air transportation company) - <i>Vice President, Integration Management</i>, October 2010 – 2012</p> <p><u>Continental Airlines, Inc.</u> (a public air transportation company) - <i>Vice President, Integration Management</i>, June 2010 – October 2010 - <i>Staff Vice President, Assistant General Counsel and Assistant Secretary</i>, 2006 – June 2010</p>	<p><i>Private Companies:</i> - Agape Development (since January 2015) - GetGoing, Inc. (Advisory Board) (since 2012)</p>


**Board Recommendation:** Our Board concluded that Ms. Gobillot should continue to serve on our Board, in light of our business and structure, for the reasons set forth below.

**Key attributes, experience and skills:** Ms. Gobillot is an attorney by education with extensive management and legal experience within the aviation industry as well as experience in private practice representing a variety of clients. Her years of experience at a capital intensive airline with a similar focus on safety, regulatory compliance, customer service and employee satisfaction add a helpful perspective to our Board’s deliberations. Her aviation background and legal knowledge allow her to contribute significantly as a member of the Compensation Committee and benefit our Board’s decision making process. Her expertise in corporate governance has been recognized by her being honored as a NACD Board Leadership Fellow. Her experience with fixed wing airlines is of particular use for our Board in connection with the Company’s strategic investment in Eastern Airways International Ltd. in February 2014 and Capiteq Limited (d/b/a Airnorth) (“Airnorth”) in February 2015.

	<b>Name, Citizenship &amp; Age</b>	<b>Current or Former Principal Occupation, Position and Dates</b>	<b>Other Directorships (Committees, if any, and Dates)</b>
 <p><b>Board</b> since 2010 <b>Audit</b> since 2010 <b>Governance</b> since 2010</p>	<p><b>Ian A. Godden</b> British Age: 61</p>	<p><u>KBC Advanced Technologies</u> (a public consulting and software company dedicated to hydrocarbon processing) - <i>Non-Executive Chairman</i>, 2011 – January 2013; and January 2015 to present - <i>Executive Chairman</i>, January 2013 – December 2014 - <i>Senior Independent Non-Executive Director</i>, 2008 – 2011</p> <p><u>Glenmore Energy Inc.</u> (a private energy company) - <i>Founder and Chairman</i>, since 2004</p> <p><u>Farnborough International Limited</u> (a private subsidiary company of ADS described below) - <i>Chairman</i>, 2009 – February 2013</p> <p><u>A/D/S Group Ltd.</u> (a private trade organization that represents the U.K. civil aerospace, defense and security industries) - <i>Chairman</i>, 2007 – 2011</p> <p><u>Roland Berger Strategy Consultants</u> (a private consulting company) - <i>U.K. Managing Partner</i>, 2000 – 2004</p> <p><u>Booz Allen and Hamilton</u> (a private consulting company) - <i>U.K. Managing Partner</i>, 1996 – 1998</p>	<p><i>Public Companies:</i> - KBC Advanced Technologies (Remuneration and Nominations Committees) (since 2008) (Audit) (2008 – 2011) - E2V Technologies PLC (Audit) (2003 – 2010)</p>

**Board Recommendation:** Our Board concluded that Mr. Godden should continue to serve on our Board, in light of our business and structure, for the reasons set forth below.


**Key attributes, experience and skills:** Mr. Godden received a Bachelor of Science degree in engineering from Edinburgh University in Scotland and an MBA from Stanford University in California. He has extensive practical experience in the aviation industry, particularly in the areas of aviation safety, training, technology and logistics management which are each critical to the Company at this stage of its growth. His expertise in corporate governance has been recognized by his being honored as a NACD Board Leadership Fellow. Finally, his international experience and background in strategic consulting aids our Board in reviewing decisions and developing the strategy for the Company.

Name, Citizenship & Age	Current or Former Principal Occupation, Position and Dates	Other Directorships (Committees, if any, and Dates)
 <p><i>The Honorable</i> <b>David C. Gompert</b> American Age: 69</p>	<p><u>United States Naval Academy</u> - <i>Distinguished Visiting Professor for National Security Studies</i>, since 2010</p> <p><u>RAND Corporation</u> (a public policy research organization) - <i>Adjunct Senior Fellow</i>, since 2010 - <i>Senior Fellow</i>, 2004 – 2009 - <i>President</i>, RAND Europe, 2000 – 2003 - <i>Vice President</i>, 1993 – 2000</p> <p><u>Office of the Director of National Intelligence</u> (United States government) - <i>Acting Director of National Intelligence</i>, 2010 (chief intelligence advisor to President Obama) - <i>Principal Deputy Director</i>, 2009 – 2010</p> <p><u>Coalition Provisional Authority, Iraq</u> - <i>Senior Advisor for National Security and Defense</i>, 2003 – 2004</p> <p><u>National Defense Research Institute</u> (a federally funded research and development center) - <i>Director</i>, 1993 – 2000</p>	<p><i>Public Companies:</i> - Global Defense &amp; National Securities Systems, Inc. (Audit, Compensation &amp; Nominating and Governance) (since 2013)</p> <p><i>Private Companies:</i> - Global Integrated Security (USA) Inc. (Chairman) (since 2011)</p>

**Board** since 2015  
**Governance** since 2015

**Board Recommendation:** Our Board concluded that Mr. Gompert should continue to serve on our Board, in light of our business and structure, for the reasons set forth below.

**Key attributes, experience and skills:** Mr. Gompert holds a B.S. in Engineering from the U.S. Naval Academy and a M.P.A. from Princeton University's Woodrow Wilson School of Public and International Affairs. Mr. Gompert has enjoyed a distinguished career in the U.S. government, holding senior positions including the Principal Deputy Director of National Intelligence, Acting Director of National Intelligence serving as President Barack Obama's chief intelligence advisor, Special Assistant to President George H. W. Bush, and Special Assistant to Secretary of State Henry Kissinger. He is also a member of the American Academy of Diplomacy, the Council on Foreign Relations, and the Advisory Board of the Center for Cyber Studies at the U.S. Naval Academy. His extensive government and national security experience are expected to assist our Board in connection with the development of our search and rescue business in the United Kingdom and other potential search and rescue opportunities with various governments. Mr. Gompert's experience in senior management positions in the private sector at Unisys and AT&T also provides additional perspectives to our Board. In addition, his prolonged and continued service on multiple public and private company boards make him highly qualified to serve as a member of our Corporate Governance and Nominating Committee.


Name, Citizenship & Age	Current or Former Principal Occupation, Position and Dates	Other Directorships (Committees, if any, and Dates)
 <p><b>Stephen A. King</b> <sup>(1)</sup> British Age: 54</p>	<p><u>Caledonia Investments plc</u> (a public investment company) - <i>Finance Director</i>, since 2009</p> <p><u>De La Rue plc</u> (a public printer of commercial paper and bank notes for central banks) - <i>Group Finance Director</i>, 2002 – 2009</p> <p><u>Midlands Electricity plc</u> (a public international power distribution and generation group) - <i>Group Finance Director</i>, 1997 – 2002</p>	<p><i>Public Companies:</i> - Caledonia Investments plc (since 2009)</p> <p>- TT Electronics (Audit) (since 2012)</p> <p>- The Weir Group plc (Audit) (2005 – 2012)</p>

**Board** since 2011  
**Audit** since 2011

**Board Recommendation:** Our Board concluded that Mr. King should continue to serve on our Board, in light of our business and structure, for the reasons set forth below.

**Key attributes, experience and skills:** Mr. King is an accountant by training with significant international finance expertise. Mr. King has been the Finance Director at Caledonia Investments plc since December 2009. He began his career as an accountant for Coopers & Lybrand (now Pricewaterhouse Coopers LLP) and then worked his way up through the finance department of several companies to become the Finance Director for Caledonia, one of the most respected investment houses in the United Kingdom. He also has extensive experience on boards of public companies in the United Kingdom that allow him to bring a different perspective to Board deliberations that ultimately benefits our Board's decision making process. His expertise in corporate governance has been recognized by his being honored as a NACD Board Leadership Fellow. Finally, his experience as chairman of the audit committees of TT Electronics and The Weir Group plc, together with his financial and accounting expertise gained over almost two decades of serving as a finance director for various organizations, make him well suited to continue to serve as Chairman of our Audit Committee.



Name, Citizenship & Age	Current or Former Principal Occupation, Position and Dates	Other Directorships (Committees, if any, and Dates)
	<p><b>Thomas C. Knudson</b> American Age: 69</p> <p><u>Tom Knudson Interests</u> (a private consulting company) - <i>Founder and President</i>, since 2004</p> <p><u>ConocoPhillips</u> (a public oil and gas company) - <i>Senior Vice President</i>, 1975 – 2004</p>	<p><i>Public Companies:</i></p> <ul style="list-style-type: none"> <li>- Midstates Petroleum Company, Inc. (Chairman) (since April 2015) (Interim Chairman) (April 2014 – April 2015) (Audit) (April 2014 – March 2015) (Nominating and Governance) (since 2013)</li> <li>- MDU Resources Group Inc. (Compensation) (2008 – April 2014)</li> <li>- Natco Group Inc. (Presiding Director) (Governance, Nominating and Compensation) (2005 – 2009)</li> <li>- Williams Partners L.P. (Audit and Conflicts) (2005 – 2007)</li> </ul> <p><i>Private Companies:</i></p> <ul style="list-style-type: none"> <li>- National Association of Corporate Directors (NACD) Texas Tri- Cities Chapter (since 2012)</li> <li>- Episcopal Seminary of the Southwest (2012 – May 2015)</li> </ul>

**Board** since 2004

**Governance** since 2004

**Compensation** from 2004 to 2006


(Former)

**Executive Committee**

from 2006 to 2007

**Board Recommendation:** Our Board concluded that Mr. Knudson should continue to serve on our Board, in light of our business and structure, for the reasons set forth below.

**Key attributes, experience and skills:** Mr. Knudson has served as the Chairman of our Board since 2006. He holds a bachelor’s degree in aerospace engineering from the U.S. Naval Academy and a master’s degree in aerospace engineering from the U.S. Naval Postgraduate School. He served as a naval aviator, flying combat missions in Vietnam. His education, military service, and experience on the boards of MDU Resources Group Inc., Natco Group Inc., Williams Partners L.P. and Midstates Petroleum Company, Inc. provide additional perspectives to our Board. His prior service on the management committee at ConocoPhillips provides our Board with significant insight into the way customers in the energy industry operate. Finally, his service as a member of the NACD Tri-Cities Chapter Board and his expertise in corporate governance, as reflected by his being honored as a NACD Board Leadership Fellow, make him well suited to continue to serve as Chairman of our Board as well as Chairman of our Corporate Governance and Nominating Committee.


Name, Citizenship & Age	Current or Former Principal Occupation, Position and Dates	Other Directorships (Committees, if any, and Dates)
	<p><b>Mathew Masters</b> <sup>(1)</sup> British Age: 41</p> <p><u>Caledonia Investments plc</u> (a public investment company) - <i>Head of Quoted Pool</i>, since 2013 - <i>Associate Director</i>, 2008 – 2013 - <i>Investment Executive</i>, 2006 – 2008</p> <p><u>Grant Thornton</u> (an international accounting firm) - <i>Corporate Finance Senior Manager</i>, 2000 – 2006 - <i>Audit Manager</i>, 1995 – 1999</p>	<p><i>Public Companies:</i></p> <ul style="list-style-type: none"> <li>- Tribal Group plc (2009 – 2012)</li> </ul> <p><i>Private Companies:</i></p> <ul style="list-style-type: none"> <li>- Satellite Information Services (Holdings) Ltd. (Audit) (2007 – 2013)</li> <li>- Celerant Consulting Investments Limited (Audit) (2007 – 2012)</li> <li>- TCL Limited (2007 – 2012)</li> <li>- Seven Publishing Limited (2009 – 2012)</li> <li>- Celona Technologies Limited (2006 – 2010)</li> </ul>

**Board** since 2011

**Compensation** since 2011

**Board Recommendation:** Our Board concluded that Mr. Masters should continue to serve on our Board, in light of our business and structure, for the reasons set forth below.

**Key attributes, experience and skills:** Mr. Masters is an accountant by education who started his career at Grant Thornton. He has served on several private and public company boards in the United Kingdom and he has extensive international experience that together benefit our Board’s decision making process. His expertise in corporate governance has been recognized by his being honored as a NACD Board Leadership Fellow. He also brings significant accounting and financial expertise to the Compensation Committee.

Name, Citizenship & Age	Current or Former Principal Occupation, Position and Dates	Other Directorships (Committees, if any, and Dates)
	<p><b><i>Bruce H. Stover</i></b> American Age: 66</p> <p><u>Endeavour International Corporation</u> (a public oil and gas company) <i>(Retired) Executive Vice President, Operations and Business Development, 2003 – 2010</i></p> <p><u>Anadarko Petroleum Corporation</u> (a public oil and gas company), 1980 – 2003</p> <ul style="list-style-type: none"> <li>- <i>Senior Vice President, Worldwide Business Development, 1999 – 2003</i></li> <li>- <i>Vice President, Worldwide Business Development, 1997 – 1999</i></li> <li>- <i>Vice President, Acquisitions, 1993 – 1997</i></li> <li>- <i>President and General Manager for Anadarko Algeria Corporation, 1989 – 1993</i></li> <li>- <i>Chief Engineer, 1980 – 1989</i></li> </ul>	<p><i>Public Companies:</i></p> <ul style="list-style-type: none"> <li>- <i>Midstates Petroleum Company, Inc. (Audit, Compensation, Nominating and Governance) (since March 2015)</i></li> </ul>

**Board** since 2009

**Compensation**  
since 2009

**Board Recommendation:** Our Board concluded that Mr. Stover should continue to serve on our Board, in light of our business and structure, for the reasons set forth below.

**Key attributes, experience and skills:** Mr. Stover is an engineer by education who spent many years serving in senior management in the energy business and brings the customer perspective to our Board. His expertise in corporate governance has been recognized by his being honored as a NACD Governance Fellow. In addition, much of his professional career was spent serving in the oil and gas industry outside of the United States, thus bringing an important international perspective to our Board.

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<sup>(1)</sup> Stephen A. King and Mathew Masters, directors and executive officers of Caledonia, were designated by Caledonia for election to our Board pursuant to a Master Agreement dated December 12, 1996 among the Company, a predecessor in interest to Caledonia and certain other persons in connection with our acquisition of 49% and other substantial interests in Bristow Aviation. The Master Agreement provides that so long as Caledonia owns (1) at least 1,000,000 shares of common stock of the Company or (2) at least 49% of the total outstanding ordinary shares of Bristow Aviation, Caledonia will have the right to designate two persons for nomination to our Board and to replace any directors so nominated. According to its most recent Form 13F filed with the SEC on April 23, 2015, Caledonia was the direct beneficial owner of 1,618,729 shares of our common stock as of March 31, 2015.

## EXECUTIVE OFFICERS OF THE REGISTRANT

Under our bylaws, our Board elects our executive officers annually. Each executive officer remains in office until that officer ceases to be an officer or his or her successor is elected. There are no family relationships among any of our executive officers. At June 11, 2015, our executive officers were as follows:

Name	Age	Position Held with Registrant
Jonathan E. Baliff	51	President, Chief Executive Officer and Director
John H. Briscoe	57	Senior Vice President and Chief Financial Officer
K. Jeremy Akel	46	Senior Vice President and Chief Operating Officer
Chet Akiri	43	Senior Vice President and Chief Corporate Development, New Ventures and Strategy Officer
E. Chipman Earle	42	Senior Vice President, Chief Legal Officer and Corporate Secretary
L. Don Miller	52	Senior Vice President, Mergers, Acquisitions and Integration
Hilary S. Ware	58	Senior Vice President and Chief Administration Officer
Brian J. Allman	42	Vice President, Controller and Chief Accounting Officer

Mr. Baliff was appointed as President and Chief Executive Officer effective July 31, 2014. He joined us and served as Senior Vice President and Chief Financial Officer from October 2010 to June 2014. Mr. Baliff also served as President from June 2014 to July 2014. Prior to joining the Company, Mr. Baliff had been the Executive Vice President, Strategy at NRG Energy since May 2008, where he led the development and implementation of NRG's corporate strategy, as well as acquisitions and business alliances. Prior to joining NRG, Mr. Baliff was in Credit Suisse's Global Energy Group, where he advised energy companies on merger and acquisition assignments and project and corporate financings since 1996, most recently as a Managing Director. Mr. Baliff started his business career at Standard and Poor's and then JP Morgan's Natural Resources Group. Mr. Baliff served on active duty in the U.S. Air Force for eight years from 1985 to 1993 in numerous assignments flying the F-4G Phantom, including the first combat missions during the first Gulf War. Mr. Baliff retired with the rank of Captain.

Mr. Briscoe joined us as Senior Vice President and Chief Financial Officer in June 2014. Prior to joining the Company, Mr. Briscoe had most recently been the Senior Vice President and Chief Financial Officer of Weatherford International Ltd. from March 2012 to September 2013. Mr. Briscoe also served as Vice President and Chief Accounting Officer of Weatherford from August 2011 to March 2012. Prior to joining Weatherford, Mr. Briscoe was a senior executive at Transocean Ltd. from 2005 through 2011 in roles including Vice President and Controller and Director of Investor Relations. Before joining Transocean in 2005, Mr. Briscoe held senior financial positions at Ferrellgas Inc. and Dresser Industries. His career also includes seven years of public accounting experience with KPMG and Ernst & Young. Mr. Briscoe is a certified public accountant and holds a Bachelor's degree in Business Administration from the University of Texas.

Mr. Akel was appointed as Senior Vice President and Chief Operating Officer in May 2014. He previously served as our Senior Vice President, Operations since January 2012. Before that he served as the Director of the Other International Business Unit at the Company since January 2010, where he was responsible for all operations within that business unit. Prior to that position, Mr. Akel held various other positions at the Company including Director of the Latin America Business Unit from April 2008 to January 2010, Director of the South/Latin American Business Units from July 2006 to April 2008, and Manager International Strategy from July 2004 to July 2006. Prior to joining the Company, Mr. Akel was Vice President, Aviation Business Consulting for Morten Beyer & Agnew, an international aviation consulting firm, from February 2002 to January 2004. From February 2001 to January 2002, Mr. Akel served as Senior Manager, Business Consulting, Aviation Industry Practice for Anderson, LLP, an international business consulting firm. From February 1997 to December 2000, Mr. Akel served in several management positions at Tidewater Marine International, Inc., an international provider of marine support services to the offshore energy industry. Mr. Akel began his career in 1991 as an Aerospace Engineer at the National Transportation Safety Board.

Mr. Akiri joined us as Senior Vice President and Chief Corporate Development, New Ventures and Strategy Officer effective September 2, 2014. Prior to joining the Company, Mr. Akiri had worked for General Electric (GE) from 2001 to 2014, most recently as the Chief Operating Officer for the Global Nuclear Fuels America division from 2013 to 2014. Mr. Akiri also served as Vice President and General Manager of GE Hitachi Parts Services from 2010 to 2013, and previously in other senior management roles in GE Aviation; Consumer and Industrial; Industrial Solutions; and in GE's corporate headquarters where he was an executive in the Global Business Development Group. Prior to joining GE, Mr. Akiri held vice president and senior vice president roles in several entrepreneurial ventures from 1999 to 2000, served as an associate in Corporate Finance with Goldman Sachs & Co. and was a management consultant from 1994 to 1997 with Corporate Decisions, which was acquired by Mercer Management Consulting.

Mr. Earle was appointed as Senior Vice President, Chief Legal Officer and Corporate Secretary in May 2014. He previously served as our Senior Vice President, General Counsel and Corporate Secretary since joining us in July 2012. Prior to joining the Company, Mr. Earle worked as an attorney for Transocean Ltd. in various capacities from 2006 until 2012. He most recently served as Assistant Vice President, Global Legal from 2011 to 2012 during which he oversaw Transocean's worldwide legal operations. Prior to serving in this role, he served from 2009 to 2011 as the General Counsel for Transocean's Europe and Africa Business Unit, Associate General Counsel and Corporate Secretary from 2007 to 2009, and Legal Counsel, Corporate and Securities from 2006 to 2007. Prior to joining Transocean in 2006, Mr. Earle worked as a Corporate and Securities associate at the law firm of Baker Botts L.L.P. in Houston, Texas after beginning his career with the law firm of Wilson, Sonsini, Goodrich & Rosati, P.C.

Mr. Miller was appointed as Senior Vice President, Mergers, Acquisitions and Integration effective June 4, 2015. Prior to his recent appointment, he served as our Vice President, Mergers, Acquisitions and Integration since November 2014 and our Vice President, Strategy and Structured Transactions from 2010 to 2014. Prior to joining the Company, Mr. Miller worked as an independent consultant from 2008 to 2010 assisting companies in capital markets and in a financial advisory capacity. He was previously the post-petition President and Chief Executive Officer for Enron North America Corp. and Enron Power Marketing, Inc. from 2001 to 2007 and also served in senior financial positions with Enron, including Director – Finance and Vice President, Asset Marketing Group from 1998 to 2001. His career also includes seven years in senior financial positions with Citicorp Securities, Inc. and four years as an account executive with Dean Witter Reynolds, Inc. Mr. Miller is a Chartered Financial Analyst ("CFA") charterholder.

Ms. Ware was appointed as Senior Vice President and Chief Administration Officer in May 2014. She previously served as our Senior Vice President, Administration since December 2009. She joined us in August 2007 as Vice President of Global Human Resources. Prior to joining the Company, Ms. Ware was Vice President, Human Resources for BHP Billiton Petroleum from 2006 to 2007. Prior to joining BHP Billiton, Ms. Ware was Vice President Human Resources, Worldwide for Hanover Compressor Company from 2002 to 2006. Prior to 2002, Ms. Ware served for 20 years in a variety of roles as a human resources professional with BP. Ms. Ware's duties and responsibilities at BHP Billiton and Hanover included management and oversight of all Human Resource activities and personnel at those companies.

Mr. Allman joined us as Director of Financial Reporting in March 2006. In August 2007 he was promoted to Corporate Controller and was subsequently elected Chief Accounting Officer in April 2009 and Vice President, Chief Accounting Officer in November 2010. From September 2002 to March 2006, Mr. Allman worked as Financial Reporting Manager for Nabors Industries Ltd., a drilling and well servicing company. A Certified Public Accountant, Mr. Allman previously worked in public accounting as an Audit Manager with KPMG after beginning his career with Arthur Andersen LLP.

## SECURITIES OWNERSHIP

### Holdings of Principal Stockholders

The following table shows certain information with respect to beneficial ownership of our common stock held by any person known by us to be the beneficial owner of more than five percent of any class of our voting securities:

Name and Address of Beneficial Owner	Amount Beneficially Owned	Percent of Class <sup>(1)</sup>
Ariel Investments, LLC ..... 200 E. Randolph Drive, Suite 2900 Chicago, IL 60601	4,222,998 <sup>(2)</sup>	12.12%
BlackRock, Inc. .... 40 East 52 <sup>nd</sup> Street New York, NY 10022	3,152,372 <sup>(3)</sup>	9.05%
Dimensional Fund Advisors LP ..... Building One 6300 Bee Cave Road Austin, TX 78746	2,976,847 <sup>(4)</sup>	8.54%
The Vanguard Group Inc.-23-1945930..... 100 Vanguard Blvd. Malvern, PA 19355	2,348,099 <sup>(5)</sup>	6.74%
Franklin Resources, Inc. .... One Franklin Parkway San Mateo, CA 94403-1906	1,795,300 <sup>(6)</sup>	5.15%

<sup>(1)</sup> Percentage of the 34,838,374 shares of common stock of the Company outstanding as of March 31, 2015.

<sup>(2)</sup> According to a Schedule 13G/A filed on February 13, 2015 with the Securities and Exchange Commission, Ariel Investments, LLC (“Ariel”), in its capacity as an investment advisor, may be deemed to beneficially own all of these shares. Ariel has sole dispositive power over all of these shares and sole power to vote 3,893,516 of these shares. The Schedule 13G/A states that Ariel’s adviser clients have the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of, all securities reported in the Schedule 13G/A. It further states that none of Ariel’s clients have an economic interest in more than 5% of the subject securities in the Schedule 13G/A.

<sup>(3)</sup> According to Schedule 13G/A filed on January 1, 2015 with the Securities and Exchange Commission, on behalf of BlackRock, Inc., BlackRock, Inc. has sole voting power with respect to 3,066,519 of such shares and sole dispositive power with respect to 3,152,372 of such shares. The Schedule 13G/A states that various persons have the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of such shares of common stock, and no one person’s interest in such shares of common stock is more than five percent of the total outstanding shares of common stock.

<sup>(4)</sup> According to a Schedule 13G/A filed on February 5, 2015 with the Securities and Exchange Commission, Dimensional Fund Advisors LP (“Dimensional”) has shared dispositive power with respect to and, may beneficially own, all such shares of common stock. Dimensional has sole voting power with respect to 2,936,810 of such shares. Dimensional, an investment adviser registered under Section 203 of the Investment Advisers Act of 1940, furnishes investment advice to four investment companies registered under the Investment Company Act of 1940, and serves as investment manager to certain other commingled group trusts and separate accounts (such investment companies, trusts and accounts, collectively referred to as the “Funds”). In certain cases, subsidiaries of Dimensional may act as an adviser or sub-adviser to certain of the Funds. In its role as investment advisor, sub-adviser and/or manager, Dimensional or its subsidiaries (collectively, “Dimensional”) possess voting and/or investment power over the securities of the Issuer that are owned by the Funds, and may be deemed to be the beneficial owner of the shares of the Issuer held by the Funds. However, all of such shares of common stock reported above are owned by the Funds. Dimensional disclaims beneficial ownership of all such shares.

<sup>(5)</sup> According to a Schedule 13G/A filed on February 11, 2015 with the Securities and Exchange Commission, The Vanguard Group - 23-1945930 (“Vanguard”) has sole voting power with respect to 50,569 of such shares, sole dispositive power with respect to 2,301,030 of such shares and shared dispositive power with respect to 47,069 of such shares.

(6) According to a Schedule 13G filed on February 4, 2015 with the Securities and Exchange Commission by Franklin Resources, Inc. (“FRI”), FRI reports that such securities are beneficially owned by one or more open- or closed-end investment companies or other managed accounts that are investment management clients of investment managers that are direct and indirect subsidiaries (each, an “Investment Management Subsidiary” and collectively, the “Investment Management Subsidiaries”) of FRI. When an investment management contract (including a sub-advisory agreement) delegates to an Investment Management Subsidiary investment discretion or voting power over the securities held in the investment advisory accounts that are subject to that agreement, FRI treats the Investment Management Subsidiary as having sole investment discretion or voting authority, as the case may be, unless the agreement specifies otherwise. Accordingly, each Investment Management Subsidiary reports on Schedule 13G that it has sole investment discretion and voting authority over the securities covered by any such management agreement, unless otherwise noted in Item 4 therein. As a result, for purposes of Rule 13d-3 under the Securities Exchange Act of 1934, the Investment Management Subsidiaries listed in Item 4 therein may be deemed to be the beneficial owners of the securities reported in the Schedule 13G. Therefore, Franklin Advisory Services, LLC, an Investment Subsidiary is reported to have sole dispositive power over all of these shares and sole power to vote 1,656,300 of these shares. The Schedule 13G reports that the clients of the Investment Management Subsidiaries, including investment companies registered under the Investment Company Act of 1940 and other managed accounts, have the right to receive or power to direct the receipt of dividends from, and the proceeds of the sale of, the securities.

### Holdings of Directors, Nominees and Executive Officers

The following table shows how many shares (i) each of our directors, (ii) each of our Named Executive Officers included in the Summary Compensation Table on page P-44 of this proxy statement and (iii) all of our directors and executive officers as a group beneficially owned as of June 11, 2015:

Name <sup>(1)</sup>	Shares Directly Owned as of June 11, 2015 <sup>(2)</sup>	Options Exercisable on or prior to August 11, 2015	Total Shares Beneficially Owned <sup>(4)</sup>	Percent of Class <sup>(5)</sup>
K. Jeremy Akel .....	4,000	34,375	38,375	*
Thomas N. Amonett.....	8,834	18,125	26,959	*
Jonathan E. Baliff.....	14,416	52,417	66,833	*
John H. Briscoe.....	14,000	7,595	21,595	*
Stephen J. Cannon.....	4,681	-	4,681	*
William E. Chiles.....	174,772	320,489	495,261	1.4 %
E. Chipman Earle.....	-	25,009	25,009	*
Michael A. Flick.....	12,617	-	12,167	*
Lori A. Gobillot.....	4,056	-	4,056	*
Ian A. Godden.....	9,946	-	9,946	*
David C. Gompert <sup>(3)</sup> .....	-	-	-	*
Stephen A. King <sup>(4)</sup> .....	-	-	1,618,729	4.6 %
Thomas C. Knudson.....	45,959	-	45,959	*
Mathew Masters <sup>(4)</sup> .....	-	-	1,618,729	4.6 %
Bruce H. Stover.....	8,733	-	8,733	*
Hilary S. Ware.....	18,710	53,640	72,350	*
All directors and executive officers as of June 23, 2015 as a group (18 persons) <sup>(3)</sup> .....	150,558	223,780	1,993,067	5.7 %

\* Less than 1%.

(1) The business address of each director and executive officer is 2103 City West Blvd., 4th Floor, Houston, Texas 77042.

(2) Excludes unvested restricted stock over which the holders do not have voting or dispositive powers.

(3) Mr. Gompert was appointed to our Board on February 4, 2015. He did not receive a sign-on stock award, but he will be eligible to receive the scheduled director stock award in August 2015, if elected to our Board at the Annual Meeting.

(4) Because of the relationship of Messrs. King and Masters to Caledonia, Messrs. King and Masters may be deemed indirect beneficial owners of the 1,618,729 shares of common stock owned by Caledonia (see “Security Ownership of Certain Beneficial Owners and Management - Holdings of Principal Stockholders”). Pursuant to applicable reporting requirements, Messrs. King and Masters are reporting indirect beneficial ownership of the entire amount of our securities owned by Caledonia but they disclaim beneficial ownership of such shares.

(5) Percentages of our common stock outstanding as of June 11, 2015, adjusted for each Named Executive Officer, executive officer and director to include such Named Executive Officer’s, executive officer’s and director’s total shares beneficially owned as of such date.

## COMPENSATION DISCUSSION AND ANALYSIS

### Introduction

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This section of the proxy statement provides information regarding our executive compensation program for fiscal year 2015 for (i) our Chief Executive Officer and our Chief Financial Officer, (ii) each of our three most highly compensated executive officers, other than our Chief Executive Officer and our Chief Financial Officer, who were executive officers of the Company as of March 31, 2015 (our fiscal year end), and (iii) our former Chief Executive Officer who served in such position during a portion of fiscal year 2015 before retiring from the Company in July 2014. For fiscal year 2015, these individuals were our “Named Executive Officers” (or “NEOs”) and consisted of the following:

Our Named Executive Officers	
Name	Title
Jonathan E. Baliff <sup>(1)</sup>	President and Chief Executive Officer
John H. Briscoe	Senior Vice President and Chief Financial Officer
K. Jeremy Akel	Senior Vice President and Chief Operating Officer
Hilary S. Ware	Senior Vice President and Chief Administration Officer
E. Chipman Earle	Senior Vice President, Chief Legal Officer and Corporate Secretary
William E. Chiles <sup>(1)</sup>	former Chief Executive Officer

<sup>(1)</sup> Mr. Baliff became our Chief Executive Officer effective immediately following the retirement of Mr. Chiles as an officer on July 31, 2014.

This section of the proxy statement is divided into the following four subsections:

- Executive Summary;
- About Our Executive Compensation Program – Our Compensation Philosophy and Peer Groups;
- How Compensation Is Delivered; and
- Executive Compensation Program Governance.

You should read this section of the proxy statement in conjunction with the advisory vote that we are conducting on the compensation of our NEOs (see “Item 2 – Advisory Approval of Executive Compensation” on page P-56), as it contains information that is relevant to your voting decision.

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### Executive Summary

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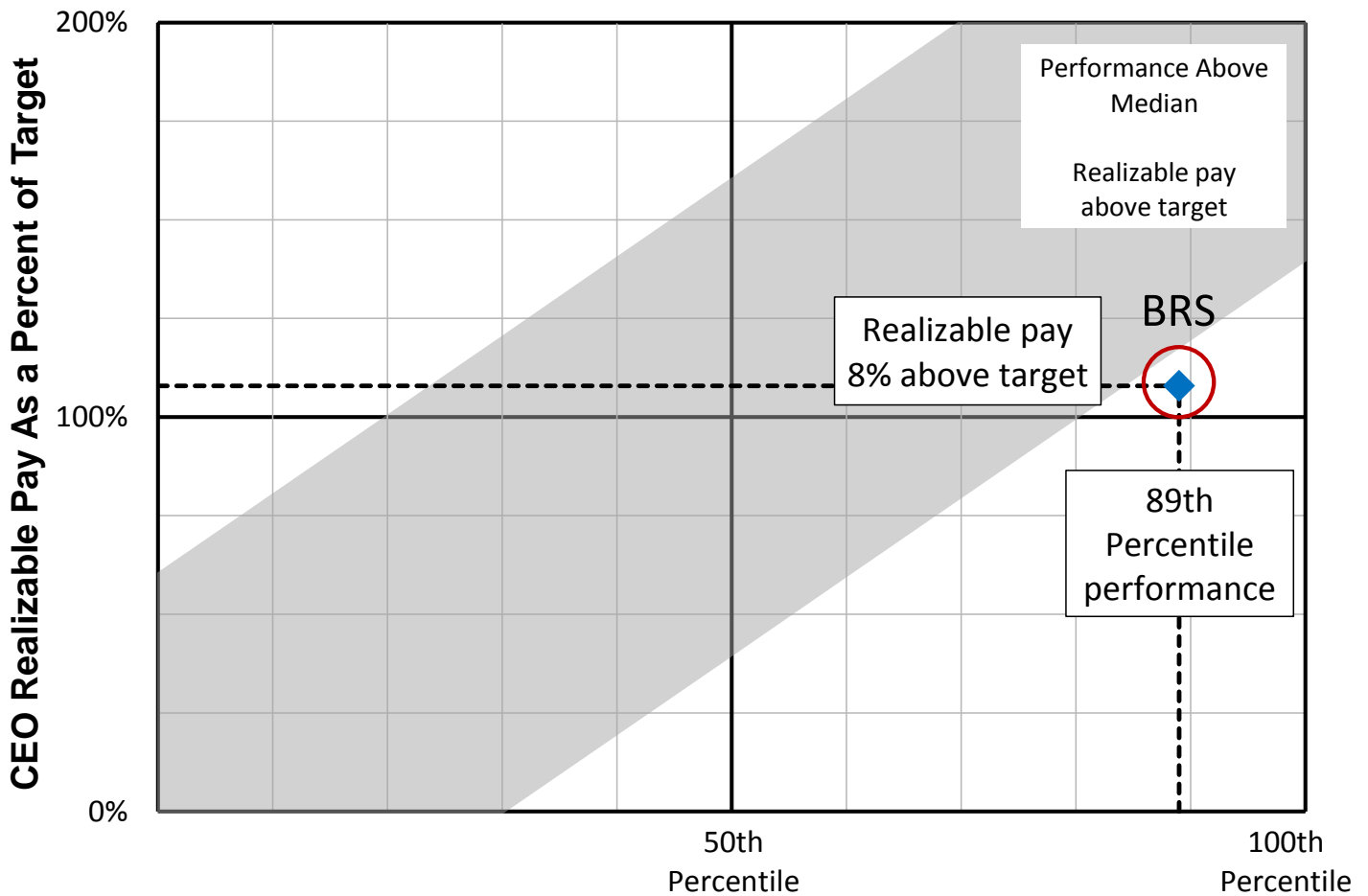
The oil and gas business environment experienced a downturn during fiscal year 2015. Brent crude oil prices declined from approximately \$106 per barrel at July 1, 2014 to \$48 per barrel at March 31, 2015, driven by increased global supply of crude oil and forecasts for reduced demand for crude oil resulting from weaker global economic growth in many regions of the world. Many of our clients reduced capital spending plans and began taking measures to reduce costs.

As part of our response to the market downturn, we implemented a company-wide cost reduction program that included, among other things, a management-recommended freeze on the base salary of all employees, including our NEOs (except for Mr. Earle), for fiscal year 2016, which also affects each employee’s and NEO’s annual cash incentive compensation opportunities and awards under the Company’s Long Term Incentive Plan (the “LTIP”) given that such awards are calculated as a percentage of base compensation.

Despite these recent market challenges, we believe that our focus on Bristow Value Added (BVA), safety performance and operational excellence has allowed the Company to continue to differentiate our services. The Company achieved record BVA of

approximately \$100 million and 13.9% annual operating revenue growth to \$1.7 billion in fiscal year 2015. Our TSR also remained in the top quartile of the Simmons Offshore Transportation Services Group (the “Simmons Group”) for fiscal year 2015. The Simmons Group is our peer group for purposes of measuring the Company’s TSR, which is used by our Compensation Committee to calculate the payout for our long-term performance cash awards. The Company outperformed the Simmons Group on a TSR basis over the three-year period from April 1, 2012 to March 31, 2015, during which time our TSR increased by approximately 20% and the TSR of the Simmons Group declined by approximately 47%.

In order to demonstrate the alignment of CEO pay relative to our performance against the Simmons Group, we compared (a) CEO realizable pay as a percent of target total direct compensation for the three-year period from 2012 to 2015 to (b) our TSR performance relative to the Simmons Group over the same period. Realizable pay includes base salary, actual annual incentive awards earned, actual long-term cash awards earned for performance during the period, and the intrinsic value of restricted shares and stock options granted during the period, valued as of March 31, 2015. For purposes of calculating CEO pay, we used the compensation paid to Mr. Chiles for fiscal years 2013 and 2014 and to Mr. Baliff for fiscal year 2015. The following chart highlights our outstanding performance relative to our peers over the prior three fiscal years as well as the conservative approach that our Compensation Committee has taken in compensating our CEO for such performance:



**Bristow TSR Performance vs. Performance Peers FY 2013 - FY 2015**

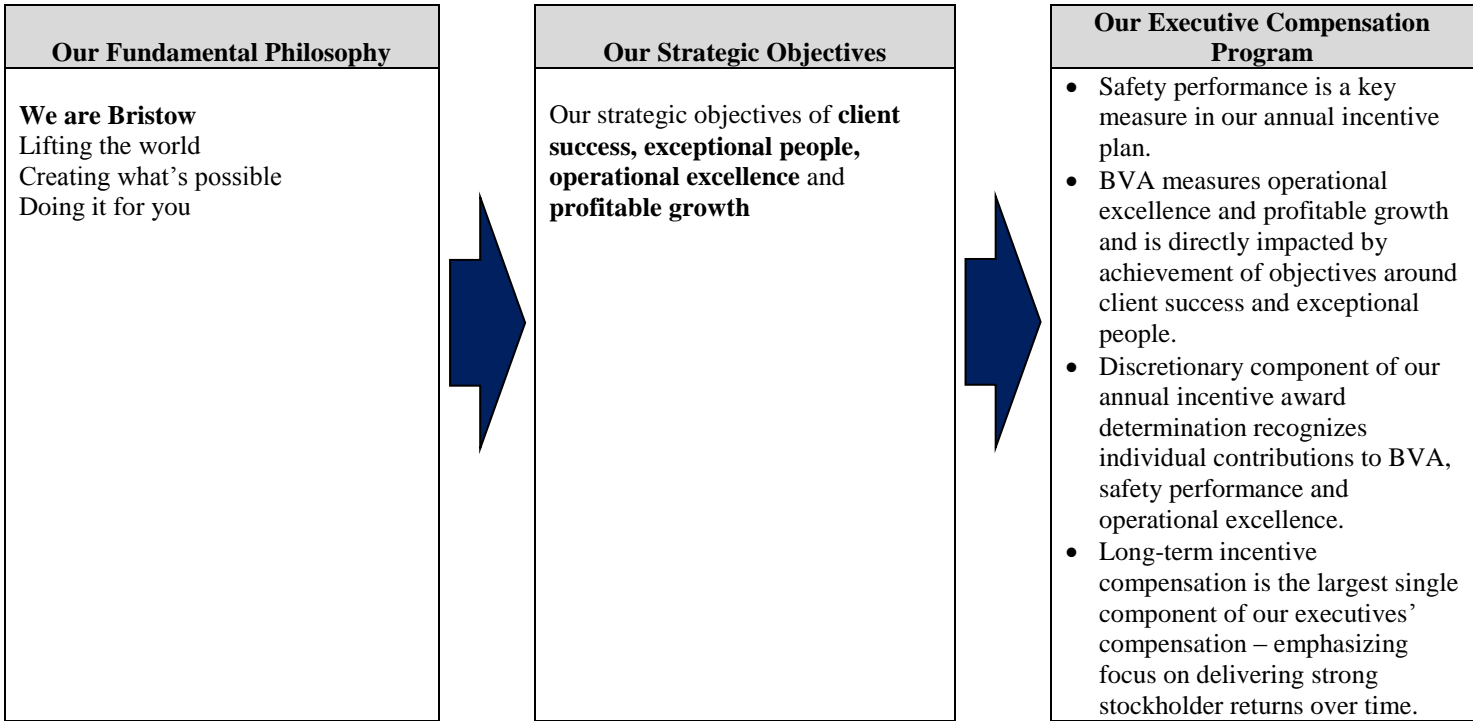


***The Relationship Between Our Fundamental Philosophy and Our Executive Compensation Program***

We are the leading provider of helicopter services to the global offshore energy industry. We believe in living and working in the “Bristow Way” which we believe defines us as an organization and as people. In short, the “Bristow Way” is epitomized by our fundamental philosophy: “We are Bristow: Lifting the world, Creating what’s possible, Doing it for you.” We strive to build on our heritage of providing the safest and most efficient helicopter services and aviation support worldwide while providing industry-leading value to our clients, fellow employees and stockholders. We live our core values of safety, teamwork, integrity, excellence, fulfillment and profitability. Our top core value of safety is reflected in our “Target Zero” culture, which is our shared commitment to zero accidents, zero harm to people and zero harm to the environment. Our strategic objectives are organized around client success, exceptional people, operational excellence and profitable growth.

Our executive compensation program is designed to support and reinforce our strategic objectives while at the same time aligning the interests of our management with those of our stockholders. Our primary compensation principle, pay for performance, supports this objective. For example, our annual incentives include key performance indicators in the areas of safety and Bristow Value Added (BVA) that tie directly to our strategic objectives in the areas of operational excellence and profitable growth, respectively. BVA is a customized financial performance metric that measures our returns relative to our cost of capital, and we believe that our BVA metric closely aligns the interests of our management through the annual incentive plan with the short-term interests of our stockholders. We believe that BVA is a more meaningful measure of short-term financial performance of the Company than other measures such as TSR, earnings per share or return on capital invested. Additionally, satisfying our objectives in the areas of client success and exceptional people is designed to have a direct positive impact on BVA and reward our executive officers through the individual element of our annual incentive plan. Finally, our long-term incentives focus on delivering strong stockholder returns over time, which tie directly to our growth objective and further align the interests of our management with those of our stockholders.

**Our Fundamental Philosophy and Strategic Objectives, underpinned by Our Core Values, drive our Executive Compensation Program**



**Our Core Values: Safety, Quality, Teamwork, Integrity, Excellence, Fulfillment & Profitability govern and underpin all that we do.**

Through our annual and long-term incentives, the Compensation Committee is able to incentivize prudent financial growth and strong individual performance in the areas of value realization to our clients, a strong sense of commitment and ownership in our people, continuous improvement in the safe execution of our operations.

**Key Characteristics of our Executive Compensation Program Aligned with Stockholder Interests**

We design our executive compensation program to be performance driven, competitive with the market and responsibly governed to mitigate excessive risk-taking.

**Strong Alignment with Stockholders (What We Do)**

- |   |   |
|---|---|
| <ul style="list-style-type: none"> <li>✓ <b>Pay for Performance.</b> We place a heavy emphasis on variable pay with over 80% of NEO pay contingent upon financial and operational performance and growth in long-term stockholder value.</li> <li>✓ <b>Stock Ownership Guidelines.</b> We reinforce the alignment of stockholders and our executives and directors by requiring significant levels of stock ownership.</li> <li>✓ <b>Independent Compensation Consultant.</b> The Compensation Committee engages the services of an independent compensation consultant.</li> <li>✓ <b>Stockholder Engagement:</b> We meet with large stockholders to discuss matters of interest.</li> <li>✓ <b>Clawback Policy.</b> Individuals deemed to have violated our Code may lose a portion or all of their annual incentive compensation as determined by the Compensation Committee on a case by case basis.</li> </ul> | <ul style="list-style-type: none"> <li>✓ <b>Performance-Based Long-Term Incentives.</b> We use performance-based long-term incentive awards for which value is contingent upon either stock price performance relative to the grant date, in the case of restricted stock units and stock options, or total stockholder return performance relative to other offshore transportation companies, in the case of performance cash.</li> <li>✓ <b>Comprehensive Risk Assessment.</b> The Compensation Committee continually monitors compensation policies, programs and practices with their independent compensation consultant and outside counsel to ensure that they do not encourage excessive risk taking.</li> <li>✓ <b>Cap Annual Cash Incentive Awards and LTIP Awards.</b> We cap annual cash incentive awards at a certain percentage of the executive’s base salary as well as LTIP awards as a total number of shares or cash, as applicable.</li> </ul> |
|---|---|

**Sound Governance Principles (What We Do Not Do)**

- |  |   |
|--|---|
| <ul style="list-style-type: none"> <li>⊘ <b>Tax Gross-ups.</b> No excise tax gross-ups.</li> <li>⊘ <b>Repricing Stock Options.</b> Prohibition on repricing of stock option awards.</li> <li>⊘ <b>Pledging or Hedging Company Stock.</b> Prohibitions on the pledging (unless our Chief Legal Officer consents to the pledge) or hedging of Company stock.</li> <li>⊘ <b>Automatic Base Salary Increases.</b> The base salaries of our NEOs are reviewed annually and were not increased for fiscal year 2016 due to a freeze of base salaries of all employees, including our NEOs (except for Mr. Earle).</li> </ul> | <ul style="list-style-type: none"> <li>⊘ <b>Guaranteed Bonuses.</b> No guaranteed annual or multi-year bonuses.</li> <li>⊘ <b>Perquisites.</b> No significant compensation in the form of perquisites for NEOs.</li> <li>⊘ <b>Dividend Equivalents.</b> No dividend equivalents are paid prior to vesting of performance awards (and never on unearned portion of awards).</li> <li>⊘ <b>Employment Agreements.</b> The Compensation Committee discontinued entering into employment agreements with executive officers hired after June 2012.</li> </ul> |
|--|---|

## ***Performance Highlights in Fiscal Year 2015***

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Despite the oil and gas market downturn in fiscal year 2015, we achieved the following significant accomplishments with respect to each of our strategic objectives in furtherance of the Bristow Way:

- **Profitable Growth**

- *Objective:* Achieve outstanding stockholder return and increase year-over-year Bristow Value Added (BVA).
- *Accomplishments*
  - Despite the market downturn and unfavorable impact of changes in foreign exchange rates during fiscal year 2015, we achieved year-over-year increases in consolidated BVA and operating cash flow of approximately \$34.9 million and \$21.1 million, respectively, and we increased our cash returns on invested capital to 13.2%, driven by approximately \$42.7 million in revenue growth, approximately \$24.7 million in margin improvement, approximately \$10.9 million in increased capital efficiency, and partially offset by approximately \$3.4 million from our investment in Lider in Brazil and by approximately \$29.1 million in increased aircraft and other capital expenditures.
  - From April 1, 2012 to March 31, 2015, we increased our TSR by approximately 20% whereas the TSR of the Simmons Group and the PHLX Oil Service Sector Index over the same period decreased by approximately 47% and 20%, respectively. From April 1, 2010 to March 31, 2015, we increased our TSR by approximately 50% whereas the TSR of the Simmons Group and the PHLX Oil Service Sector Index over the same period decreased by approximately 27% and 7%, respectively.
  - In fiscal year 2015, we reinvested \$601.8 million in our business through capital expenditures (including \$476 million on aircraft) intended to foster organic growth while at the same time returning significant value to our stockholders through a 28% increase in our dividend (culminating in more than a doubling of the dividend over the past four fiscal years) and a record \$80.8 million in share repurchases through our share repurchase program.

- **Operational Excellence**

- *Objective:* Streamline and standardize operational processes and technology to ensure safety, efficiency and service.
- *Accomplishments*
  - Our safety performance in fiscal year 2015 was the best in our Company's history.
    - Target Zero safety was achieved by our West Africa Business Unit, North America Business Unit and Bristow Academy in fiscal year 2015, and Target Zero safety was achieved across the Company for the twelve months from September 2013 through August 2014.
    - We achieved Target Zero Air Accident Rate for each of fiscal years 2014 and 2015, and simultaneously reduced our Total Recordable Injury Rate, excluding Eastern Airways and Airnorth for sake of comparison, by 42% from 0.26 in fiscal year 2014 to 0.15 in fiscal year 2015.
  - We coordinated a response from Human Resources, Operations, and Business Development in implementing a five point strategy designed to preserve revenue and reduce costs to achieve EBITDAR growth in fiscal year 2016.
  - During fiscal year 2015, on time departures for our aircraft were approximately 97%, our aircraft availability was 98% and we received 1.5 times as many accolades as complaints from our passengers.
  - We successfully implemented SAP as a new global technology platform in support of finance and supply chain business processes and initiated phase two for the development and implementation of SAP in support of global maintenance operations.
  - We took a leadership position in establishing and supporting HeliOffshore, a non-profit organization dedicated to improving safety in the offshore helicopter transport industry.

- **Client Success**

- *Objective:* Consistently deliver on our commitment to our clients to increase their productivity and reduce their operational risks and costs.
- *Accomplishments*
  - We responded to the market downturn with innovative ideas to reduce costs for our clients and sustain our margins and revenues.

- Effective April 1, 2015, we reorganized our global operations into regions as follows: Africa, Americas, Europe Caspian and Asia Pacific. The goal of these changes is to streamline and standardize our processes, simplify our operating model and support consistent and faster response to clients globally. We believe the new structure will allow us to respond better to market opportunities and execute our growth strategy.
  - In fiscal year 2013, Bristow Helicopters Limited was awarded a contract by the U.K. Department for Transport to provide civilian search and rescue services for the Maritime and Coastguard Agency covering all of the U.K. (the “U.K. SAR contract”). The U.K. SAR contract has a phased-in transition period that began in April 2015, which is when we commenced U.K. SAR operations at our Humberside and Inverness bases on time and on budget.
  - In February 2015, we acquired an 85% interest in Airnorth, Northern Australia’s largest regional fixed wing operator, which is expected to strengthen our ability to provide point-to-point transportation for our clients.
- **Exceptional People**
    - *Objective:* Foster a culture of accountability and innovation that promotes safety, integrity and exceptional performance.
    - *Accomplishments*
      - We developed and implemented a comprehensive series of labor strategies globally to address the oil price decline and preserve employee morale while reducing labor costs.
      - We successfully managed a comprehensive executive transition and subsequent reorganization.
      - We implemented robust leadership training programs which have resulted in 44% of the graduates advancing into more senior leadership positions over the past five fiscal years. We were nominated for our leadership programs by CEO Magazine.
      - In fiscal year 2015, voluntary turnover was 5.6%, which was in the Corporate Executive Board benchmark’s top performing quartile.
      - We fostered a strong sense of accountability to our corporate community and pride in our Bristow brand through our Bristow Uplift charitable giving program through which we donated a total of approximately \$787,603 to 160 charitable organizations around the world, matched more than \$49,334 in charitable contributions made by our employees and participated directly in 106 outreach events throughout the year.

#### **CEO and CFO Transitions and Pay-At-A-Glance for Fiscal Year 2015**

On February 3, 2014, we announced that Mr. Baliff was appointed President and Chief Executive Officer to succeed Mr. Chiles effective upon his retirement as Chief Executive Officer on July 31, 2014. As part of the transition, the Compensation Committee also approved the following for Mr. Baliff:

- a 54.3% increase in his annual salary from \$453,600 to \$700,000, effective May 19, 2014;
- a target bonus opportunity of 75% of his prorated salary and a maximum bonus opportunity of 187.5% of his prorated salary for the portion of fiscal year 2015 prior to May 19, 2014; and
- a target bonus opportunity of 100% of his prorated salary and a maximum bonus opportunity of 250% of his prorated salary for the remaining portion of fiscal year 2015 beginning on May 19, 2014.

Following extensive deliberations, the Compensation Committee determined that because Mr. Chiles served as Chief Executive Officer for a meaningful portion of fiscal year 2015, he was eligible for a target bonus opportunity of 100% of his prorated salary, or such greater amount determined by the Committee based on his performance relative to pre-established goals applicable to the Company’s Chief Executive Officer, in each case prorated based on the portion of fiscal year 2015 during which Mr. Chiles served as Chief Executive Officer from April to July 2014, and he was eligible to participate in annual long-term incentive grants that were approved for all of our officers on June 4, 2014 (but not for any periods thereafter).

Mr. Chiles retired as the Company’s Chief Executive Officer effective July 31, 2014, but remains as an employee providing consulting services to the Company through July 31, 2016. According to the terms of his Retirement and Consulting Agreement, Mr. Chiles was eligible to receive a pro rata discretionary cash award based on his performance as Chief Executive Officer of the Company from April 1, 2014 to July 31, 2014 with an entry bonus opportunity of 100% of his prorated salary. On June 4, 2015, the Compensation Committee determined that his performance as Chief Executive Officer for a portion of fiscal year 2015 and

achievement of specific pre-established goals set by the Compensation Committee warranted a discretionary cash payment to Mr. Chiles of \$521,709, which is equal to 164.3% of his prorated bonus opportunity.

As a consultant, Mr. Chiles performs such duties as requested by the Company between August 1, 2014 and July 31, 2016, including advice and consulting regarding the achievement of certain business objectives and matters of strategy. He will be eligible for a discretionary cash award at the end of his first year of consulting services on July 31, 2015 depending on the extent to which the Compensation Committee determines that he has achieved his pre-determined consulting goals for the period from August 1, 2014 to July 31, 2015. The consulting services performed by Mr. Chiles have not and will not include any policy-making duties or authority.

On June 5, 2014, we announced that Mr. Briscoe was appointed Senior Vice President and Chief Financial Officer effective June 9, 2014. Mr. Briscoe receives an annual salary of \$425,000. He was eligible to participate in the Company's annual incentive compensation plan for fiscal year 2015 with a target bonus opportunity of 75% of base salary and a maximum bonus opportunity of 187.5% of base salary. Mr. Briscoe received an initial LTIP award valued at \$1,275,000, with the value of such award to be evenly distributed among restricted stock units, stock options and performance cash. Mr. Briscoe's restricted stock units and performance cash will vest three years from the date of grant of June 9, 2014 and his stock options will vest in one-third increments on the first, second and third anniversary of the date of grant of June 9, 2014.

#### ***Response to FY2014 Say on Pay Results and FY2015 Compensation Program***

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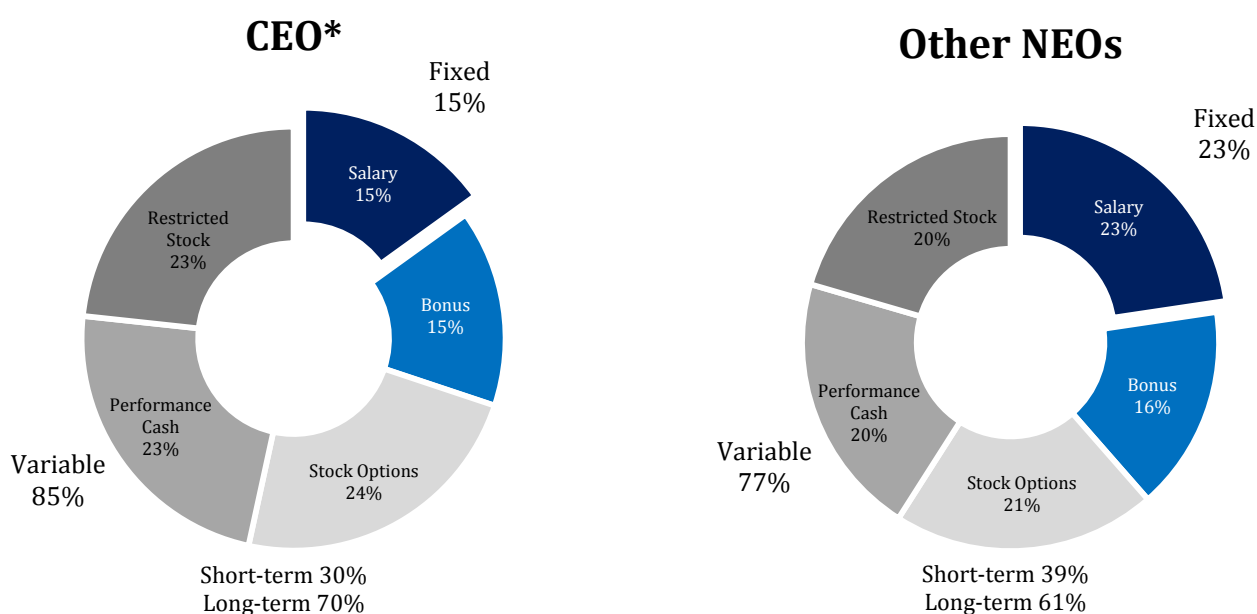
At our 2014 Annual Meeting, 96.6% of our stockholders who cast a vote for or against the proposal approved the advisory resolution on the compensation of our named executive officers. The Company's overall governance practices were once again considered to be in the top 20% of companies reviewed by Institutional Shareholder Services Inc. for purposes of its QuickScore report issued with respect to fiscal year 2015. We carefully consider the input from stockholders and review our programs to ensure they continue to reflect best practices and continue to align the interests of our management with those of our stockholders. In addition, the Company routinely engages with investors to understand their issues and perspectives on the Company, including executive compensation practices. In light of this strong stockholder support and the Committee's view that our compensation program is properly aligned with stockholder interests and each of our strategic objectives outlined by the Bristow Way, the Committee elected to not make any structural changes to the program for fiscal year 2015. Our Board also considered stockholder input with respect to providing a balanced return to our stockholders in fiscal year 2015, including (i) a 28% increase to our quarterly dividend and (ii) the execution of \$80.8 million in share repurchases.

## About Our Executive Compensation Program - Our Compensation Philosophy and Peer Groups

### Our Compensation Philosophy

The Compensation Committee believes strongly in linking executive pay directly to operational and financial performance in order to further align the interest of Company management with our stockholders. Over 80% of our NEO pay is contingent upon financial and operational performance and growth in long-term stockholder value. Accordingly, if such performance is not achieved, the base salary for our NEOs can represent up to 100% of compensation in any given year when incentives do not pay out or long-term awards do not vest. However, the general mix of compensation for target-level performance in the annual incentive plans, plus the expected value of long-term compensation grants in fiscal year 2015, used by the Compensation Committee for our CEO and our other NEOs was as follows with a degree of variation by individual executive (it is important to note that the actual and relative mix of pay received by each of our NEOs can vary significantly based on company financial performance, safety performance, stock price performance and the NEO's individual performance):

### Significant Majority of NEO Pay Variable and Incentive Based



\* CEO compensation targets with respect to Mr. Baliff for fiscal year 2015.

### Compensation Benchmarking

We are always competing for the best talent with our direct industry peers and with the broader market. Consequently, our Compensation Committee (with the assistance of its independent compensation advisers) regularly reviews the market data, pay practices and ranges of specific peer companies to ensure that we continue to offer relevant and competitive executive pay packages each year. Our Compensation Committee generally targets the 50th percentile for our executive pay packages, subject to adjustments based on individual experience, expertise and performance. As discussed further below, our Compensation Committee engages Pearl Meyer & Partners, LLC ("Pearl Meyer") as its compensation consultant. The following table sets forth each of the data points that our Compensation Committee uses in analyzing the competitiveness of our executive pay packages. In combination, these data points help to define our "competitive market" for executive compensation.

Survey and Proxy Peer Group Data	Description
Oilfield Services Industry Proxy Peers (our “Proxy Peer Group”)	Represents a select group of comparable companies within the oilfield services industry that have global operations, are based in or have a significant presence in Houston, Texas, and are of a comparative size (from a global revenues perspective) to the Company. This group provides a direct comparison to NEOs at companies with which we compete for talent.
Oilfield Services Industry Survey	Multiple surveys reflecting compensation among oilfield services companies with revenues comparable to Bristow. These surveys provide industry-specific reference-point from a broader sample of companies and positions than those included in our Proxy Peer Group
General Industry Survey	Represents companies with revenues similar to Bristow across all industries to provide additional perspective on the broader market within which we compete for talent

As of the Record Date, our Proxy Peer Group referenced in the table above included each of the following seventeen companies listed in decreasing order of global revenues for the most recently ended fiscal year for each such company:

Proxy Peer Group			
Company	Revenue (in millions)	Company	Revenue (in millions)
EnSCO plc	\$ 4,565	Kirby Corporation	\$ 1,771
Superior Energy Services, Inc.	\$ 4,557	Forum Energy Technologies, Inc.	\$ 1,740
Oceaneering International, Inc.	\$ 3,660	Tidewater Inc.	\$ 1,496
Noble Corporation plc	\$ 3,233	SEACOR Holdings Inc.	\$ 1,319
Diamond Offshore Drilling, Inc.	\$ 2,815	Atwood Oceanics, Inc.	\$ 1,174
Dresser-Rand Group Inc.	\$ 2,812	Newpark Resources, Inc.	\$ 1,118
McDermott International Inc.	\$ 2,301	Helix Energy Solutions Group, Inc.	\$ 1,107
Rowan Companies plc	\$ 1,824	Core Laboratories NV	\$ 1,085
Oil States International, Inc.	\$ 1,820		
<b>Bristow FY 2015 Global Revenues</b>			<b>\$ 1,859</b>
Proxy Peer Group Median			\$ 1,820

### ***Our Performance Peer Group***

For purposes of measuring the Company’s TSR, which is used by the Compensation Committee to calculate the payout for our long-term performance cash awards (see pages P-37 – P-38 for more details regarding our Long-Term Incentive Awards), the Compensation Committee uses the Simmons Group. While we do not necessarily compete for executive talent with each of the companies within the Simmons Group, the Simmons Group provides the Compensation Committee with an independently selected group of public companies from the offshore transportation services industry against which to measure TSR performance. As of the Record Date, the following eleven companies were included in the Simmons Group: Bourbon S.A., CHC Group Ltd., DOF ASA, ERA Group Inc., Farstad Shipping ASA, Gulfmark Offshore, Inc., Hornbeck Offshore Services, Inc., Kirby Corporation, Seacor Holdings Inc., Solstad Offshore ASA, and Tidewater Inc.

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## How Compensation is Delivered

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### Key Compensation Components

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The compensation of our executives is separated into the following three key components that are described in more detail below: (1) base salary, (2) annual incentive cash compensation, and (3) long-term equity and performance cash incentives.

#### **1. Base Salary**

The Compensation Committee generally targets base salaries of our executive officers within the median range of the marketplace for executives with similar responsibilities. The Compensation Committee considers the competitive market data noted above when setting base salary. Salary adjustments have been typically made in June of each year and are based on the individual's experience and background, the general movement of salaries in the marketplace, the Company's financial performance and a qualitative assessment of the individual's performance by his or her immediate supervisor, or in the case of the Chief Executive Officer, by the Compensation Committee. In addition to its assessment of the Chief Executive Officer's performance, the Compensation Committee reviews the performance evaluations provided by the Chief Executive Officer for each of the Company's other executive officers. In response to the market and individual performance data, the Compensation Committee may elect to provide an executive officer with a base salary that is above, at or below the market median at any point in time.

#### ***Fiscal Year 2015 and Fiscal Year 2016 Base Salaries***

In June 2014, the Compensation Committee increased the base salary of the applicable named executive officers at the time (excluding Messrs. Baliff and Briscoe) who are listed below by an average of 9.2%. These adjustments were made in order to keep their base salaries competitive in light of the Pearl Meyer competitive market data provided at the time and in recognition of their individual experience, background and performance. In February 2014, the Compensation Committee increased the base salary of Mr. Baliff by 54.3% effective as of May 19, 2014 in connection with his promotion to CEO and related transition expectations. In June 2015, management recommended and the Compensation Committee agreed to freeze the base salary of all employees, including our NEOs (except for Mr. Earle), together with a freeze of all promotions and hiring for fiscal year 2016, subject to certain rare exceptions. In June 2015, the Compensation Committee, after considering the updated market survey and Proxy Peer Group data provided by Pearl Meyer, made an exceptional adjustment to increase Mr. Earle's base salary by 5.2% for fiscal year 2016 in order to better align his base salary with the market and the base salaries of our other executive officers.

Named Executive Officer	Base Salary Prior to May 19, 2014	Base Salary Effective May 19, 2014	Base Salary Effective June 1, 2015
Jonathan E. Baliff	453,600	700,000	700,000
John H. Briscoe <sup>(1)</sup>	-	425,000	425,000
K. Jeremy Akel	375,375	439,189	439,189
Hilary S. Ware	388,960	412,298	412,298
E. Chipman Earle	363,000	380,061	400,000

<sup>(1)</sup> Mr. Briscoe joined the Company effective June 9, 2014.

#### **2. Annual Incentive Cash Compensation**

The Company maintains an annual incentive cash compensation plan to reward selected executive officers and other employees for their contributions to the performance of the Company by achieving specific financial and safety goals and key individual objectives. Awards under the annual incentive compensation plan are determined based on specified performance standards, which we refer to as Key Performance Indicators ("KPIs"). For fiscal year 2015, these KPIs related specifically to safety, financial and individual performance. The Compensation Committee monitors the target award levels and variances to assure their competitiveness and that they are consistent with compensation strategy for incentives and for total compensation without encouraging excessive risk-taking. Our KPIs typically incorporate certain metrics that are based on our publicly reported



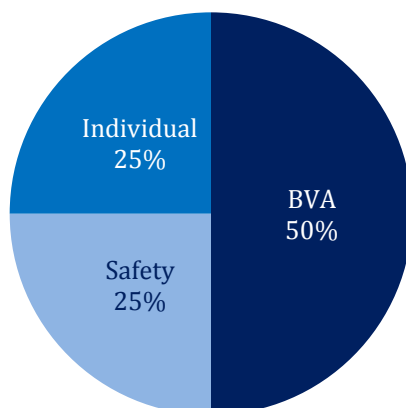
financial results. In fiscal year 2015, the Compensation Committee set KPI levels for the annual incentive awards shortly after the end of the prior fiscal year and after the budget for the next fiscal year was approved by our Board.

The Compensation Committee established on June 4, 2014 a minimum performance objective for officers of the Company set forth in the Supplement to the Bristow Group Inc. Fiscal Year 2015 Annual Incentive Compensation Plan (the “2015 Plan”) (which was disclosed in our Form 8-K filed on June 10, 2014), which objective was positive earnings before interest, taxes, depreciation and amortization for any fiscal quarter during fiscal year 2015 commencing with the fiscal quarter commencing July 1, 2014. If the minimum performance objective was not satisfied, our officers would not have been entitled to any award under the 2015 Plan. However, given that the minimum performance objective was satisfied as determined by the Compensation Committee on November 5, 2014, each officer was eligible to earn the applicable maximum award under the 2015 Plan, which was subsequently reduced at the discretion of the Compensation Committee based on Company performance relative to BVA and safety measures and individual performance.

The KPIs for our annual incentive awards are designed to support and reinforce how we act as a company and individuals and to align with each of our strategic objectives in furtherance of the Bristow Way. Threshold KPI levels and the minimum performance objective described above must be achieved in order to receive any payout under the annual incentive compensation plan. Participants may earn up to as much as 250% of their annual incentive targets in the event of performance substantially exceeding the preset targets. Annual incentive compensation awards are paid in cash.

Our KPIs for fiscal year 2015 for our annual incentive cash compensation continued to focus on the areas of safety, financial and individual performance with the same relative weightings as were used for fiscal year 2014.

### Annual Cash Incentive Key Performance Indicators (KPIs)



- **Bristow Value Added (BVA)** (50%) – For purposes of measuring our financial performance, we have used since fiscal year 2012 a customized measure called Bristow Value Added (BVA) that is described in more detail below. In fiscal year 2015, the Company achieved total BVA of approximately \$100 million and a year-over-year improvement in BVA of approximately \$34.9 million resulting in a BVA performance score of 0.97. As for the BVA portion of our incentive award for fiscal year 2015, our KPI levels and actual BVA results were as follows:

	Year-Over-Year Change in BVA (in millions)	BVA Performance Score
Threshold Level	\$ (34.5)	0.00
Expected Level	0.0	0.50
Maximum Level	69.1	1.50
<b>FY 2015 Actual</b>	<b>34.9</b>	<b>0.97</b>

BVA is a financial performance measure customized for the Company to measure gross cash flow (after tax operating cash flow) less a charge for the capital employed. We believe that the BVA metric aligns the interests of our management with the interests of our stockholders and also encourages management actions that increase the long-term value of the Company. For purposes of calculating BVA, we employ the following concepts:

- Gross cash flow is total revenue, less total operating expense (excluding depreciation and amortization) plus rent expense for the period less taxes, plus or minus an adjustment for the proportional consolidation of any large strategic equity investment's gross cash flow (e.g., Lider) and excluding special items, if any.
- Gross operating assets is a measure of the gross tangible assets deployed into the business to generate the Company's gross cash flow. Gross operating assets include net working capital (excluding cash), gross property, plant and equipment (including the fleet), other non-current tangible assets, capitalized operating leases and an adjustment for the gain or losses on the sale of aircraft. Gross operating assets will also be adjusted for the proportional consolidation of any large strategic equity investment's gross operating assets.
- The annual required return is fixed at 10.5% (2.625% per quarter). The capital charge is calculated quarterly based on the ending balance and the full year's capital charge is the sum of the four quarters. The capital charge is defined as gross operating assets times the required return.
- Adjustment at the time of sale of a non-core strategic equity investment ("SEI") equal to the after-tax gain (loss) on sale of an equity investment by the required return such that the resulting change in BVA is reflective of the perpetual value generation (destruction) from the non-core SEI realized at the time of sale.

We implemented BVA to enhance our focus on the returns we deliver across our organization. Improvement in BVA has been the primary financial measure in our annual incentive plan since fiscal year 2012, aligning the interests of management with stockholders.

Neutral year-over-year BVA performance (as adjusted for new goodwill and intangibles) results in a performance score of 0.50 and payout for this KPI at target. Year-over-year improvements in BVA result in increases to the performance score up to a maximum of 1.50 and declines in BVA result in decreases to the performance score on a straight-line basis down to a minimum of zero.

- **Safety** (25%) – Safety continues to be the key component of our strategic objective of client success and the cornerstone of our "Target Zero" culture. For fiscal year 2015, our safety KPI levels for our executive officers and actual results were as follows:

	TRIR	TRIR Performance Score	Air Accidents		Air Accidents Performance Score
			Class "A"	Class "B"	
Threshold Performance Level	0.26	0.050	0	2	0.050
Expected Performance Level	0.18	0.125	0	1	0.125
Maximum Performance Level	0.09	0.250	0	0	0.250
<b>FY 2015 Actual</b>	<b>0.23</b>	<b>0.078</b>	<b>0</b>	<b>0</b>	<b>0.250</b>

Our safety performance in fiscal year 2015 was the best in the history of the Company with no air accidents and a Total Recordable Injury Rate ("TRIR") of 0.23. As set forth above, our KPIs for safety performance in fiscal year 2015 included (i) consolidated TRIR, which is a measure of the number of qualifying injuries per 200,000 labor hours, for the fiscal year compared to a preset target, and (ii) consolidated Air Accidents ("AA"), which is a measure of aircraft accidents that accounts for the severity of any damage or injuries sustained during such events, for the fiscal year compared to a preset target. TRIR replaced Bristow Safety Index ("BSI") as a component of the safety performance portion of the annual incentive award for fiscal year 2015. AA replaced Bristow Aircraft Incident Rate ("BAIR") as a component of the safety performance portion of the annual incentive award for fiscal year 2015.

The TRIR and AA performance is measured at the consolidated corporate level, which includes Bristow Academy, U.K. SAR operations, Eastern Airways and Airnorth. For fiscal year 2015, in the event the Company's administrative, ground or air operations (including the operations of Bristow Academy, U.K. SAR operations, Eastern Airways and Airnorth) resulted in a fatality, all plan participants, including each of the Company's executive officers and not just plan participants located where the fatality occurred, would not receive any compensation for the safety portion of their respective incentive awards. If during fiscal year 2015, our operations resulted in a Permanent Total Disability Case (as defined in the 2015 Plan)

for any employee, passenger, bystander or anyone involved in such operations, the TRIR portion of the annual incentive award would be eliminated. Additionally for fiscal year 2015 and as demonstrated above, in the event the Company’s air operations resulted in any Class “A” accident or more than two Class “B” accidents, the portion of any incentive award attributable to the safety performance component of AA would be zero for all of the Company’s corporate employees, including each of the Company’s executive officers, as well as plan participants in all consolidated parts of the Company (including Bristow Academy and U.K. SAR operations), not just the part of the Company in which the Class “A” accident or Class “B” accidents occurred.

The Bristow Safety Review Board was formed in June 2014 in order to establish best practices in safety and to create an independent review body when classifying accidents. The Bristow Safety Review Board is composed of four members, including an independent safety expert from outside of the Company who is not a participant under the Plan and has no compensation impacted by the classification of any incident. The Bristow Safety Review Board meets at least once each quarter to review safety incidents and accidents that potentially impact the safety portion of the Plan. The final classification of all aircraft accidents and fatalities are subject to the recommendation of the Bristow Safety Review Board with final review and certification to be made by the Compensation Committee at its sole discretion.

- **Individual Performance** (25%) – For fiscal year 2015, the individual threshold performance score and the individual target performance score for each of our NEOs was 0.00 and 0.25, respectively. The actual individual performance score for Mr. Baliff was 0.45 and the actual individual performance scores for our other NEOs ranged from 0.25 (the individual target performance score) to 0.45.

Individual performance relates specifically to the individual plan member and is based on an overall performance evaluation of the individual’s contributions during the fiscal year based on a determination by the individual’s immediate supervisor, or in the case of the Chief Executive Officer and the other executive officers, the Compensation Committee, compared to individualized goals set by the supervisor, or in the case of the Chief Executive Officer, the Compensation Committee. Each of the individual goals is designed to further one of the four strategic objectives of the Company related to client success, exceptional people, operational excellence and profitable growth. The practice of considering individual performance on a case-by-case basis permits consideration of flexible criteria, including the recognition of positive results and superior effort in the face of challenges during the fiscal year.

The total pool for all annual incentive plan participants as a group for the individual component of the annual incentive award is set as a multiple of the “expected” level ranging from 0 to 200% as recommended by the Chief Executive Officer and approved by the Compensation Committee. In cases of extraordinary performance, an individual may receive an amount for individual performance in excess of 200% of such participant’s targeted individual performance amount, provided that in no event may any participant’s total annual incentive award exceed 250% of such individual’s targeted total annual cash incentive award.

#### ***Fiscal Year 2015 Annual Cash Incentive Award Payment Calculations***

The annual cash incentive awards for our Chief Executive Officer and each of our other NEOs for fiscal year 2015 were calculated as follows:

Named Executive Officer	FY 2015 Base Salary <sup>(1)</sup>	Target Award Percentage	Actual Cumulative Performance Scores	Actual FY 2015 Cash Incentive Award
Jonathan E. Baliff	\$666,922	X 100%	X 1.70	\$1,135,910
John H. Briscoe <sup>(2)</sup>	\$425,000	75%	1.54	\$491,831
K. Jeremy Akel	\$430,622	75%	1.72	\$554,857
Hilary S. Ware	\$409,165	65%	1.74	\$463,563
E. Chipman Earle	\$377,771	65%	1.69	\$415,718
William E. Chiles <sup>(3)</sup>	\$317,534	100%	1.64	\$521,709

<sup>(1)</sup> For each NEO, fiscal year 2015 base salary includes the lower base salary from page P-32 that was applicable between April 1, 2014 and May 18, 2014 and the higher base salary from page P-32 that was applicable between May 19, 2014 and March 31, 2015.

<sup>(2)</sup> Mr. Briscoe joined the Company effective June 9, 2014.

- (3) Pursuant to his Retirement and Consulting Agreement, Mr. Chiles was eligible for a target bonus opportunity of 100% for fiscal year 2015 and a maximum bonus opportunity of 250% for fiscal year 2015, in each case prorated based on the period of fiscal year 2015 during which he served as Chief Executive Officer. Mr. Chiles was evaluated by the Compensation Committee based on goals set for the Chief Executive Officer position for fiscal year 2015.

### ***Fiscal Year 2016 Annual Incentive Award Structure***

In June 2015, the Compensation Committee approved and adopted an annual incentive compensation plan for fiscal year 2016 (year ending March 31, 2016) for our senior managers, including each of our NEOs (other than Mr. Chiles) (the “2016 Plan”). The Compensation Committee established for our officers a minimum performance objective for the 2016 Plan, which objective is positive earnings before interest, taxes, depreciation and amortization during any fiscal quarter during fiscal year 2016 commencing with the fiscal quarter beginning July 1, 2015. If the minimum performance objective is not satisfied, our officers will not be entitled to any award under the 2016 Plan. If the minimum performance objective is satisfied, each officer will be eligible to earn the applicable maximum award under the 2016 Plan, subject to reduction for Company performance relative to the safety and financial KPIs below, individual performance and the discretion of the Compensation Committee. The KPIs selected for fiscal year 2016 and relative weightings for each of our officers are set forth below:

- BVA – weighted 50%;
- Safety, including (i) the Company’s consolidated TRIR, which is the number of qualifying injuries per 200,000 labor hours, for the fiscal year compared to a preset target, and (ii) Air Accidents (“AA”), which is a measure of aircraft accidents that accounts for the severity of any damage or injuries sustained during such events, for the fiscal year compared to a preset target – weighted 25%; and
- Individual performance – weighted 25%.

The annual incentive target and maximum levels expressed as a percentage of base salary for fiscal year 2016 for our CEO and the other NEOs (other than Mr. Chiles) are outlined below:

Named Executive Officer	Percentage of Base Salary	
	Target	Maximum
Jonathan E. Baliff	100%	250%
John H. Briscoe	75%	187.5%
K. Jeremy Akel	75%	187.5%
Hilary S. Ware	65%	162.5%
E. Chipman Earle	65%	162.5%

Fiscal year 2016 threshold, expected and maximum bonus award levels for the NEOs were approved by the Compensation Committee in June 2015. The award levels for the KPIs applicable to the NEOs for fiscal year 2016 were set at the following levels:

	Change in BVA (in millions)	TRIR	AA
FY 2015 Actual	\$ 34.9	0.23	0 Class A, 0 Class B
FY 2016 Threshold Level	(37.6)	0.24	0 Class A, 2 Class B
FY 2016 Expected Level	0.0	0.20	0 Class A, 1 Class B
FY 2016 Maximum Level	75.2	0.14	0 Class A, 0 Class B

In order to account for our new fixed wing operations, the expected level for TRIR for fiscal year 2016 was increased by 11% relative to the expected level for TRIR that was in place for fiscal year 2015. This increase acknowledges the higher pro forma TRIR of our fixed wing operations for fiscal year 2015 while maintaining our goal of Target Zero for consolidated operations. Our continuing commitment to safety is evidenced by the expected level for TRIR for fiscal year 2016 representing a 13% improvement relative to the actual TRIR result for fiscal year 2015. The expected level for AA for fiscal year 2016 remains the same as the expected level for fiscal year 2015. The award levels for TRIR applicable to the NEOs for fiscal year 2016 will also

be adjusted on a prorated basis for TRIR attributable to any businesses that may be acquired and consolidated or otherwise disposed of by the Company during fiscal year 2016.

### 3. Long-Term Equity and Performance Cash Incentive Compensation

Long-term incentive equity and performance cash awards are used by the Compensation Committee to focus management attention on Company performance over a period of time longer than one year in recognition of the long-term horizons for return on investments and strategic decisions in our business. The awards are designed to motivate management to assist the Company in achieving a high level of long-term performance while discouraging excessive short-term risk taking and serve to link this portion of executive compensation to long-term stockholder value. They are also designed to assist in executive retention through extended vesting periods. Aggregate stock or option holdings of the executive, except as they may relate to compliance with any applicable stock ownership guideline, have no bearing on the size of a long-term incentive award.

The long-term incentive compensation for each of our NEOs consists of three components as summarized in the following table:

Long Term Award Type	Weight	Key Characteristics
Stock Options	One-third	<ul style="list-style-type: none"> <li>➤ Exercise price is equal to the closing stock price on the grant date.</li> <li>➤ Vest one-third per year and expire 10 years after the grant date.</li> <li>➤ Value, if any, realized by executive depends on time of exercise and stock price at that time compared to exercise price.</li> </ul> <p><i>Performance-based incentive that holds executives accountable for driving growth in stock price from date of grant and 10 year term supports a long-term view that extends well beyond the vesting period</i></p>
Restricted Stock Units	One-third	<ul style="list-style-type: none"> <li>➤ Cliff vest three years from date of grant.</li> <li>➤ Value of award is directly aligned with stock price.</li> </ul> <p><i>Provides a powerful retention incentive which also facilitates development of a meaningful long-term ownership stake</i></p>
Performance Cash	One-third	<ul style="list-style-type: none"> <li>➤ Payout can vary from 0% to 200% of the target cash amount, depending on Bristow's TSR compared to companies in the Simmons Group over three years beginning on the close of trading on March 31 immediately prior to the first fiscal year and ending on the close of trading on March 31 at the end of the third fiscal year.</li> <li>➤ 200% payout is earned only if Bristow stockholder return is in the top quartile of companies within the Simmons Group.</li> <li>➤ Value of award is directly aligned with relative stockholder return.</li> </ul> <p><i>Performance-based incentive that holds executives accountable for driving TSR performance in excess of that produced by our offshore transportation peers in the Simmons Group</i></p>

The value of each of these awards is linked directly to the value of our shares: stock options only have value if the share price increases above the exercise price, restricted stock units provide a direct connection to current stock price and performance cash requires the Company to provide greater stockholder returns than other companies in our industry. As a result of grants being made each year based on the stock price at that time, executives continue to realize value from these awards only if positive stockholder returns are sustained over a long period of time. The Compensation Committee chooses to issue long-term performance cash awards which vest simultaneously with the restricted stock awards in order to encourage executives to retain stock received rather than needing to sell or have shares withheld to pay taxes.

Depending on the Company's TSR compared with the companies within the Simmons Group, the performance cash payment at the end of the three-year performance period is calculated as follows (the payout is interpolated for rankings between the 25th and 75th percentile).

TSR Percentile Rank	LTIP Cash Payout as a Percent of Target Performance Cash
75 <sup>th</sup> or higher	200%
50 <sup>th</sup>	100%
25 <sup>th</sup>	50%
Below 25 <sup>th</sup>	0%

### ***Fiscal Year 2015 LTIP Awards***

In June 2014, the Compensation Committee authorized the annual grant of stock options, restricted stock units and long-term performance cash awards to participating employees, including the following grants to the NEOs:

Named Executive Officer	Performance Cash Target	Stock Options	Restricted Stock Units
Jonathan E. Baliff	\$ 1,082,667	60,374	14,550
John H. Briscoe <sup>(1)</sup>	\$ 425,000	22,787	5,492
K. Jeremy Akel	\$ 439,189	24,491	5,902
Hilary S. Ware	\$ 346,331	19,313	4,654
E. Chipman Earle	\$ 319,251	17,803	4,290
William E. Chiles <sup>(2)</sup>	\$ 1,583,334	88,293	21,279

<sup>(1)</sup> Mr. Briscoe joined the Company effective June 9, 2014.

<sup>(2)</sup> Per the terms of Mr. Chiles's Retirement and Consulting Agreement, his unvested stock options and restricted stock unit grants awarded in May 2012 and June 2013 fully vested on July 31, 2014, and his unvested stock options and restricted stock unit grants awarded on June 4, 2014 will vest on July 31, 2016, or earlier upon a qualifying event that occurs during the employment period. His outstanding performance cash awards are subject to actual stockholder return results for the applicable three-year period and paid at the same time the other NEOs receive their performance cash payments. His May 2012 performance cash award was paid on May 19, 2015.

### ***Fiscal Year 2016 LTIP Awards***

In June 2015, the Compensation Committee authorized the annual grant of stock options, time vested restricted stock units and long-term performance cash awards to participating employees, including the following grants to the NEOs (other than Mr. Chiles):

Named Executive Officer	Performance Cash Target	Stock Options	Restricted Stock Units
Jonathan E. Baliff	\$ 1,233,333	110,410	20,954
John H. Briscoe	\$ 446,250	39,949	7,582
K. Jeremy Akel	\$ 548,986	49,146	9,327
Hilary S. Ware	\$ 412,298	36,910	7,005
E. Chipman Earle	\$ 368,000	32,944	6,252

The Compensation Committee established a minimum performance objective applicable to restricted stock units and long-term performance cash awards for fiscal year 2016. The minimum performance objective is positive earnings before interest, taxes, depreciation and amortization during any fiscal quarter beginning with the fiscal quarter commencing July 1, 2015 and ending prior to the vesting of the restricted stock units and prior to the end of the performance cycle applicable to long-term performance cash awards. If the minimum performance objective is not satisfied, NEOs will forfeit the fiscal year 2016 grants of restricted stock units and long-term performance cash awards. If the minimum performance objective is satisfied, the NEO will be eligible to earn the full restricted stock unit award subject to time-based vesting and will be eligible for the maximum award under the long-term performance cash awards subject to reduction based on TSR, individual performance and the discretion of the Compensation Committee. The overall design of the long-term incentives awarded in fiscal year 2016 is the same design used in fiscal year 2015 with the final performance cash payout amount dependent on (i) satisfaction of the minimum performance objective and (ii) the TSR of the Company over a three-year period relative to the TSR of each of the companies within the Simmons Group over the same period. Following his retirement as CEO of the Company upon the conclusion of last year's annual meeting of stockholders, Mr. Chiles stopped being eligible for LTIP awards.

## ***Other Compensation Components***

### **Deferred Compensation**

Under the terms of the Company's non-qualified deferred compensation plan for senior executives (the "Deferred Compensation Plan") participants, including our NEOs (other than Mr. Chiles), can elect to defer a portion of their compensation for distribution at a later date. Additionally, the Company contributes to the Deferred Compensation Plan an amount equal to the difference between the percentage matching contribution made by the Company to the applicable employee's 401(k) Plan Account and, in the case of the Chief Executive Officer, up to 20% of salary and bonus, and in the case of each of our other NEOs, up to 15% of salary and bonus.

### **Perquisites**

Certain employees, including executive officers, are provided with certain perquisites as part of their compensation. These may include Company-paid life or private health insurance policies. Perquisites such as these are a relatively low cost part of compensation to be used in attracting and retaining qualified employees and executives but do not represent a material part of our executive compensation program. Other perquisites, such as club dues reimbursements and car allowances, were eliminated in previous years.

For additional information regarding perquisites, see "Director and Executive Officer Compensation – Summary Compensation Table."

### **Employment and Severance Benefits Agreements**

We have entered into employment or severance benefits agreements with certain of our NEOs. Pursuant to these agreements, the applicable NEO is entitled to severance and/or retirement payments and other benefits in certain situations. See "Potential Payments upon Termination or Change-in-Control" under "Director and Executive Officer Compensation" below for a detailed description of the amounts payable and method of calculation.

The Compensation Committee believes that the severance benefits offered to the executive officers are reasonable given their positions and the services they render for the Company. The Compensation Committee selected higher multiples for terminations associated with a change-in-control to provide additional reasonable protections and benefits to the executive officers to align their interests with those of stockholders in transactions where their future employment may be at risk. These change-in-control termination payments are based on a "double trigger" requiring both the completion of a change-in-control transaction as well as termination for "Good Reason" as defined in the applicable severance agreement or the officer being terminated without cause to ensure such amounts will not be paid when employment continues or the individual elects to resign without good reason. The Compensation Committee believes that providing these multiples for change-in-control terminations for up to a two-year period after a change in control (as defined below) occurs will provide for the executive officers' commitment to the Company or its potential acquirer through a change-in-control event, resulting in a continuity of leadership and preserving the stockholders' interests before and after a transaction.

Neither Mr. Chiles nor any officer of the Company, including Mr. Baliff, has any right to receive any tax gross-up payment for golden parachute excise tax liability.

Any management incentive eligible employee whose employment is terminated without cause may be eligible to receive certain severance payments and benefits pursuant to the terms of the Company's Management Severance Benefits Plan for U.S. Employees, effective as of June 4, 2014, or the Company's Management Severance Benefits Plan for Non-U.S. Employees, effective as of June 4, 2014, as applicable (collectively, the "Severance Policy"). The Severance Policy divides employees of the Company into five tiers with varying terms and benefits, including severance payments, bonus payments, vesting of awards under the Plan (as defined below), payments following a change in control of our Company, provision of COBRA insurance coverage and payments for outplacement services, subject to a release of any claims against the Company and its affiliates by the employee. Upon a termination without cause that is not in connection with a change in control of our Company, the Severance Policy provides our NEOs with a prorated target annual bonus, cash severance equal to one times or two times the sum of the NEO's base salary and target annual bonus, accelerated vesting and payment of equity and cash incentive awards under the Plan, a cash amount equal to COBRA premiums for 18 months and outplacement services for 12 months. If a NEO is terminated in connection with a change in control of our Company or within two years after such a change in control, the Severance Policy provides for the same payments and benefits described in the foregoing sentence except that the cash severance is equal to three times the sum of such NEO's base salary and the highest annual bonus paid to such NEO during the past three years. The Severance Policy is intended to harmonize bonus and equity for all employees of the Company and to improve clarity for such employees with respect to their severance benefits. For more detail with respect to the Severance Policy, refer to "Employment and Separation Agreements" below.

### Other Benefits

Executive officers are eligible to participate, with other employees, in various employee benefit plans, including paid time off, medical, dental and disability insurance plans and a 401(k) plan. The Compensation Committee exercises no discretion over this participation.

## **Executive Compensation Program Governance**

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### *Participants in the Compensation-Setting Process*

#### Compensation Committee

Our executive compensation program is overseen by the Compensation Committee. The Compensation Committee has established an annual process for reviewing and establishing executive compensation levels. Annual base salaries are typically reviewed and adjusted, if necessary, in June of each year. The annual incentive plan performance goals are approved in May or June of each year. Determination of achievement of these goals, approval of bonuses under the annual incentive compensation plan for the prior year and granting of long-term incentive awards normally takes place in June after the Company files its fiscal year-end financial statements. Occasionally, long-term incentive awards are granted at other times of the year when appropriate for new employees or as special recognition of performance or as retention awards.

#### Executive Management

Each of Messrs. Baliff, Briscoe and Earle, and Ms. Ware, supports the Compensation Committee in performing its role with respect to administering our compensation program. The Compensation Committee conducts performance evaluations of the Chief Executive Officer, and the Chief Executive Officer conducts performance evaluations of our other executive officers and makes recommendations to the Compensation Committee regarding all aspects of their compensation. The Chief Executive Officer, with input from the entire senior management team and the Compensation Committee's compensation consultants, makes recommendations to the Compensation Committee as to performance measures and levels to be used for annual incentive compensation. Pursuant to his Retirement and Consulting Agreement, the Compensation Committee also conducted a performance evaluation of Mr. Chiles with respect to his service as our Chief Executive Officer during a portion of fiscal year 2015. Messrs. Briscoe and Earle and Ms. Ware act pursuant to delegated authority to fulfill various administrative functions of the Compensation Committee, such as coordinating the hiring process with respect to executives, providing legal and market updates to the Compensation Committee, and overseeing the documentation of equity plans and awards as approved by the Compensation Committee. No executive officer has the authority to establish or modify executive officer compensation.

#### Compensation Consultant

Compensation consultants are engaged from time to time to provide recommendations on all aspects of executive compensation as directed by the Compensation Committee. The Compensation Committee may or may not adopt any of the recommendations of compensation consultants, but utilizes their work as a check in arriving at its own judgment with respect to what it deems to be appropriate. Compensation consultants have direct access to Compensation Committee members and participate in Compensation Committee meetings, including executive sessions, as requested by the Compensation Committee Chairman. They may also provide compensation data and advice to management with the knowledge and consent of the Compensation Committee.

Pearl Meyer has served as the compensation consultant for the Compensation Committee since September 2013. In fiscal year 2015, the Company incurred approximately \$162,000 in fees payable to Pearl Meyer for services provided to the Compensation Committee. In order not to impair Pearl Meyer's independence or to create the appearance of a conflict of interest, Pearl Meyer was required by the Compensation Committee to seek and receive its prior approval for any project requested by the Company that was anticipated to result in \$20,000 or more in cost to the Company. In fiscal year 2015, Pearl Meyer did not provide any consulting services to the Company related to general compensation, employee benefits or other human resources related matters.

In July 2014, the Compensation Committee determined that the work of Pearl Meyer for the Compensation Committee did not raise any conflicts of interest. Specifically, the Committee determined that Pearl Meyer was an independent advisor based upon the following considerations:

- Pearl Meyer did not provide any services to the Company or management other than services requested by or with the approval of the Committee, and its services were limited to executive and non-executive director compensation consulting. Pearl Meyer does not provide, directly or indirectly through affiliates, the Company with any non-executive compensation services, including pension consulting or human resource outsourcing;



- The Committee meets regularly in executive session with Pearl Meyer outside the presence of management;
- Pearl Meyer maintains a conflicts policy, which was provided to the Committee with specific policies and procedures designed to ensure independence;
- Fees paid to Pearl Meyer by the Company during 2014 were less than 1% of Pearl Meyer’s total revenue;
- None of the Pearl Meyer consultants working on Company matters had any business or personal relationship with Committee members;
- None of the Pearl Meyer consultants working on Company matters (or any consultants at Pearl Meyer) had any business or personal relationship with any executive officer of the Company; and
- None of the Pearl Meyer consultants working on Company matters own Company stock.

The Committee continues to monitor the independence of its compensation consultant on a periodic basis.

***Risk Management***

The Compensation Committee carefully considers the relationship between risk and our overall compensation policies, programs and practices for executive officers and other employees. The Compensation Committee continually monitors the Company’s general compensation practices, specifically the design, administration and assessment of our incentive plans, to identify any components, measurement factors or potential outcomes that might create an incentive for excessive risk-taking detrimental to the Company. One way in which the Compensation Committee discourages the Company’s executive officers and other employees from excessive risk-taking to achieve financial goals is by requiring that participants uphold and certify their compliance with the Company’s legal and ethical standards as described in our Code and the policies that support our Code. Any violation of our Code may result in the Compensation Committee clawing back prior awards made to applicable plan members, including our executive officers. Additionally, in the event of an accident that results in a fatality, all plan members, including all executive officers, will not receive any compensation for the safety portion of their respective annual incentive awards. Finally, in the event of any Class “A” accident or more than two Class “B” accidents, all plan members, including all executive officers, will not receive the air safety portion of their respective annual incentive awards. The Compensation Committee has determined that the Company’s compensation plans and policies do not encourage excessive risk-taking.

***Stock Ownership Guidelines***

Our Board has adopted stock ownership guidelines for directors and executive officers that are included in our Corporate Governance Guidelines, which are posted on our website, [www.bristowgroup.com](http://www.bristowgroup.com), under the “Governance” caption. No later than five years after becoming a director on our Board, outside directors are expected to hold Company stock, including unvested restricted stock or restricted stock units, with a value equal to at least four times the annual cash retainer paid to outside directors at the time that the applicable director joined our Board. In the event the annual cash retainer is increased during a director’s tenure on our Board, such director has five years from the effective date of such increase to hold additional Company stock, including additional unvested restricted stock or additional restricted stock units, equal to at least four times the amount of the increase to the annual cash retainer paid to outside directors. Compliance with the stock ownership guidelines by the outside directors is reviewed each year by the Corporate Governance and Nominating Committee of our Board as part of the director nomination and selection process.

Officers are expected to hold Company stock, including unvested restricted stock and unvested restricted stock units, with a value equal to a multiple of their base salary as follows:

<b>Officer Share Ownership Guidelines</b>	
<b>Officer Level</b>	<b>Ownership Requirement as a Multiple of Salary</b>
CEO	5.00 x
Senior Vice President	2.00 x
Vice President	1.25 x

Officers are expected to reach this level of holdings by the later of May 19, 2016 and the five year anniversary of the date they first became an officer. In the event an officer is promoted to a position with a higher stock holding requirement (including from Vice President to Senior Vice President or from Senior Vice President to CEO), such officer must comply with the increased stock

ownership requirements for such new position within five years from the effective date of such promotion. Compliance with the stock ownership guidelines by the officers is reviewed each year by the Compensation Committee of our Board as they consider each officer's compensation for the following year. The Company does not have specific equity or other security ownership requirements or guidelines for employees other than officers. However, management level employees are encouraged to take an ownership stake in the Company and are specifically compensated with equity compensation. Further, the current compensation design for officers and senior managers contains a performance cash portion that vests concurrently with time vested restricted stock to encourage officers and senior managers to retain stock received rather than selling or having shares withheld to pay taxes.

### ***Clawback Policy***

If an individual is determined by the Compensation Committee to have violated our Code, that individual may lose a portion or all of their annual incentive compensation as determined by the Compensation Committee on a case by case basis. The Compensation Committee has not established provisions in our annual incentive plan or in the Company's 2007 Long Term Incentive Plan (as amended and restated in 2013, the "Plan") for retroactively adjusting past performance compensation in the event of a restatement of prior period financial results. Implementation of such provisions has been postponed pending the release of guidelines from the SEC according to the requirements of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

### ***Stock Vesting and Holding Periods***

In order to provide flexibility for the Compensation Committee to determine how most appropriately to compensate management under different circumstances, the Plan does not include minimum vesting periods for awards. However, historically, restricted stock units granted under the Plan have cliff vested three years from the date of grant and stock options granted under the Plan have vested ratably in equal portions on the first, second and third anniversaries of the date of grant.

In an effort to provide our officers and directors with flexibility in how they manage their personal finances, the Company's Corporate Governance Guidelines do not include holding periods for Company vested stock and options, but instead focus on minimum stock ownership values based on relative levels of seniority. The Company's stock ownership guidelines described above effectively require that our executive officers and directors together in the coming years hold as a group approximately \$11.7 million of Company stock, including unvested restricted stock and unvested restricted stock units. As of the Record Date, our executive officers and directors together actually held \$19.4 million of Company stock, including unvested restricted stock and unvested restricted stock units, which is \$7.7 million in excess of the minimum amount set forth in the Company's stock ownership guidelines.

### ***Hedging and Pledging Policies***

Pursuant to our Corporate Governance Guidelines, directors and executive officers are specifically prohibited from holding any Company stock in a margin account or engaging in any transaction that would have the effect of hedging the economic risk of ownership of their Company stock. Furthermore, directors and executive officers may not pledge Company stock as collateral for a loan or for any other purpose without the prior express written consent of the Chief Legal Officer of the Company. Finally, any pledging of or trading in Company stock by directors and executive officers is subject to the additional restrictions set forth in our Insider Trading and Confidential Information Policy.

### ***Accounting and Tax Issues***

The Compensation Committee also considers the potential impact of Section 162(m) of the Internal Revenue Code of 1986, as amended ("Section 162(m)"). Section 162(m) disallows a tax deduction for any publicly held corporation for individual compensation exceeding \$1 million in any taxable year for the Chief Executive Officer and certain other senior executive officers, other than compensation that is performance-based under a plan that is approved by the stockholders of the corporation and that meets certain technical requirements. The Compensation Committee reserves the right to exercise subjective discretionary compensation decisions where appropriate and therefore has and may in the future authorize awards or payments to executives which may not meet the requirements of Section 162(m).

## **COMPENSATION COMMITTEE REPORT ON EXECUTIVE COMPENSATION**

The Compensation Committee has reviewed and discussed the above Compensation Discussion and Analysis with management and, based on such review and discussions, the Compensation Committee recommended to our Board that the Compensation Discussion and Analysis be included in this proxy statement.

Bruce H. Stover, Chairman  
Thomas N. Amonett  
Lori A. Gobillot  
Mathew Masters

## DIRECTOR AND EXECUTIVE OFFICER COMPENSATION

### Summary Compensation Table

The following table provides information about the compensation of each of our NEOs:

#### Summary Compensation Table

Name & Principal Position	Fiscal Year	Salary (\$) <sup>(1)</sup>	Bonus (\$)	Stock Awards (\$) <sup>(2)</sup>	Option Awards (\$) <sup>(2)</sup>	Non-Equity Incentive Plan Compensation (\$) <sup>(3)</sup>	Change in Pension Value & Nonqualified Compensation Earnings (\$) <sup>(4)</sup>	All Other Compensation (\$) <sup>(5)</sup>	Total(\$)
Jonathan E. Baliff, .. President and CEO	2015	\$666,922	-	\$2,987,577	\$ 1,036,622	\$ 1,135,910	-	\$ 229,118	\$ 6,056,149
	2014	\$448,997	-	\$1,143,872	\$ 518,023	\$ 432,553	-	\$ 128,900	\$ 2,672,345
	2013	\$417,205	-	\$ 796,137	\$ 388,328	\$ 364,846	-	\$ 120,483	\$ 2,086,999
John H. Briscoe, .....	2015	\$343,493	-	\$1,173,026	\$ 408,343	\$ 491,831	-	\$ 46,326	\$ 2,463,019
K. Jeremy Akel, .....	2015	\$430,622	-	\$1,211,904	\$ 420,510	\$ 554,857	-	\$ 127,729	\$ 2,745,622
	2014	\$370,700	-	\$1,788,912	\$ 398,064	\$ 357,123	-	\$ 104,634	\$ 3,019,433
	2013	\$338,979	-	\$ 513,600	\$ 250,499	\$ 273,133	-	\$ 86,832	\$ 1,463,043
Hilary S. Ware, .....	2015	\$409,165	-	\$ 955,661	\$ 331,604	\$ 463,563	-	\$ 128,727	\$ 2,288,720
	2014	\$384,116	-	\$1,815,750	\$ 396,614	\$ 375,378	-	\$ 108,615	\$ 3,080,473
	2013	\$351,700	-	\$ 585,366	\$ 285,531	\$ 288,218	-	\$ 97,149	\$ 1,607,964
E. Chipman Earle, .....	2015	\$377,771	-	\$ 880,929	\$ 305,678	\$ 415,718	-	\$ 126,982	\$ 2,107,078
	2014	\$358,479	-	\$1,621,933	\$ 340,532	\$ 345,350	-	\$ 103,999	\$ 2,770,293
William E. Chiles, ... former CEO <sup>(8)</sup>	2015	\$950,000	-	\$4,369,187	\$ 1,515,991	\$ 521,709	-	\$ 4,246,854	\$ 11,603,741
	2014	\$886,438	-	\$3,546,165	\$ 1,605,968	\$ 1,525,344	-	\$ 451,891	\$ 8,015,806
	2013	\$814,521	-	\$2,508,328	\$ 1,223,459	\$ 1,295,087	-	\$ 405,497	\$ 6,246,892

<sup>(1)</sup> Under the terms of their respective employment, retirement or severance agreements, as applicable, each of Messrs. Baliff, Akel and Chiles and Ms. Ware is entitled to the compensation described under "Employment, Retirement and Separation Agreements" below.

<sup>(2)</sup> For awards of stock and performance cash awards, the amount shown is the aggregate grant date fair value computed in accordance with FASB ASC Topic 718. Grants of performance cash awards received in fiscal years 2013, 2014 and 2015 cliff vest at the end of three years if certain performance goals are met. We have included the grant date fair value of these performance cash awards in the Stock Awards column since these awards are within scope of FASB ASC 718. For awards of options (including awards that subsequently have been transferred), the amount shown is the aggregate grant date fair value computed in accordance with FASB ASC Topic 718. For additional information, see Note 9 to our consolidated financial statements in our Annual Report on Form 10-K for the fiscal year ended March 31, 2015. These amounts may not correspond to the actual value that will be recognized by the executive. In the case of Mr. Chiles, his unvested stock options, and restricted stock unit grants awarded in May 2012 and June 2013 fully vested on July, 31 2014, and his unvested stock options and restricted stock unit grants awarded on June 4, 2014 will vest on July 31, 2016, or earlier upon a qualifying event that occurs during the employment period. His outstanding performance cash awards are subject to actual results for the applicable performance period and paid at the same time the other NEOs receive their performance cash payments. His May 2012 performance cash award was paid on May 19, 2015.

- (3) Annual cash performance awards approved by the Compensation Committee at its June meeting each year for fiscal years 2013, 2014 and 2015 under the annual incentive compensation plan for such years. For fiscal year 2015, Mr. Chiles received an annual cash performance award which was prorated based on the portion of fiscal year 2015 during which Mr. Chiles served as CEO.
- (4) Our NEOs do not participate in any defined benefit or pension plan through the Company and did not receive any above-market or preferential earnings on nonqualified deferred compensation during fiscal years 2013, 2014 and 2015.
- (5) Includes for fiscal year 2015:

	<b>Mr. Baliff</b>	<b>Mr. Briscoe</b>	<b>Mr. Akel</b>	<b>Ms. Ware</b>	<b>Mr. Earle</b>	<b>Mr. Chiles</b>
401(k) contribution .....	\$ 18,921	\$ 15,938	\$ 16,458	\$ 16,713	\$ 16,595	\$ 16,990
Life and Disability Insurance.....	10,842	10,480	10,876	10,942	10,254	24,423
Deferred Compensation Plan						
Contribution.....	190,062	19,908	100,395	101,072	92,131	398,394
Reimbursement for spousal travel .....	9,293	-	-	-	8,002	7,047
Severance.....	-	-	-	-	-	3,800,000
<b>TOTAL.....</b>	<b>\$ 229,118</b>	<b>\$ 46,326</b>	<b>\$127,729</b>	<b>\$ 128,727</b>	<b>\$ 126,982</b>	<b>\$4,246,854</b>

- (6) Mr. Briscoe was not employed by the Company in fiscal year 2013 or fiscal year 2014 and, therefore, his compensation is not disclosed for those fiscal years.
- (7) Mr. Earle was not a NEO in fiscal year 2013 and, therefore, his compensation is not disclosed for that fiscal year.
- (8) Mr. Chiles retired as the Company's Chief Executive Officer effective July 31, 2014, and thereafter remained as an employee providing consulting services to the Company until July 31, 2016 or a mutually agreed earlier date.

## Grants of Plan-Based Awards

The following table sets forth information concerning grants of awards to each of our NEOs under the Plan during fiscal year 2015:

### Grants of Plan-Based Awards for Fiscal Year 2015

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards			Exercise or Base Price of Option Awards (\$/Sh)	Grant Date Fair Value of Stock and Option Awards (\$) <sup>(1)</sup>
		Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (#)	Target (#)	Maximum (#)		
Mr. Baliff	June 4, 2014 <sup>(2)</sup>	-	-	-	541,334	1,082,667	2,165,334	-	1,905,494
	June 4, 2014 <sup>(3)</sup>	-	-	-	-	14,550	14,550	-	1,082,084
	June 4, 2014 <sup>(4)</sup>	-	-	-	-	60,374	60,374	74.37	1,036,622
	June 4, 2014 <sup>(5)</sup>	280,000	700,000	1,750,000	-	-	-	-	-
Mr. Briscoe	June 9, 2014 <sup>(2)</sup>	-	-	-	212,500	425,000	850,000	-	748,000
	June 9, 2014 <sup>(3)</sup>	-	-	-	-	5,492	5,492	-	425,026
	June 9, 2014 <sup>(4)</sup>	-	-	-	-	22,787	22,787	77.39	408,343
	June 9, 2014 <sup>(5)</sup>	102,000	255,000	637,500	-	-	-	-	-
Mr. Akel	June 4, 2014 <sup>(2)</sup>	-	-	-	219,595	439,189	878,378	-	772,973
	June 4, 2014 <sup>(3)</sup>	-	-	-	-	5,902	5,902	-	438,932
	June 4, 2014 <sup>(4)</sup>	-	-	-	-	24,491	24,491	74.37	420,510
	June 4, 2014 <sup>(5)</sup>	105,405	263,513	658,784	-	-	-	-	-
Ms. Ware	June 4, 2014 <sup>(2)</sup>	-	-	-	173,166	346,331	692,662	-	609,543
	June 4, 2014 <sup>(3)</sup>	-	-	-	-	4,654	4,654	-	346,118
	June 4, 2014 <sup>(4)</sup>	-	-	-	-	19,313	19,313	74.37	331,604
	June 4, 2014 <sup>(5)</sup>	98,952	247,379	618,447	-	-	-	-	-
Mr. Earle	June 4, 2014 <sup>(2)</sup>	-	-	-	159,626	319,251	638,502	-	561,882
	June 4, 2014 <sup>(3)</sup>	-	-	-	-	4,290	4,290	-	319,047
	June 4, 2014 <sup>(4)</sup>	-	-	-	-	17,803	17,803	74.37	305,678
	June 4, 2014 <sup>(5)</sup>	91,215	228,037	570,092	-	-	-	-	-
Mr. Chiles	June 4, 2014 <sup>(2)</sup>	-	-	-	791,667	1,583,334	3,166,668	-	2,786,668
	June 4, 2014 <sup>(3)</sup>	-	-	-	-	21,279	21,279	-	1,582,519
	June 4, 2014 <sup>(4)</sup>	-	-	-	-	88,293	88,293	74.37	1,515,991
	June 4, 2014 <sup>(5)</sup>	127,014	317,534	793,836	-	-	-	-	-

<sup>(1)</sup> These amounts represent the grant date fair value of stock options and restricted stock units granted to each NEO during fiscal year 2015 as computed in accordance with FASB ASC Topic 718. For the relevant assumptions used to determine the valuation of our awards, see Note 9 to our consolidated financial statements in our Annual Report on Form 10-K for the fiscal year ended March 31, 2015.

<sup>(2)</sup> Performance cash awards that vest at the end of three years depending on the Company's performance as measured by TSR compared to the companies within the Simmons Group.

<sup>(3)</sup> Restricted stock units that cliff vest on June 4, 2017.

<sup>(4)</sup> Options that vest ratably in equal increments on June 6, 2015, 2016 and 2017.

<sup>(5)</sup> Annual Incentive Compensation awards that were paid in cash in June 2015 based on key performance indicators for the fiscal year 2015. See "Annual Incentive Compensation" above.

## **Employment, Retirement and Separation Agreements**

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Mr. Baliff and the Company entered into an employment agreement, effective as of October 11, 2010. The agreement had an initial term of one year which is automatically extended by successive one-year periods unless either party gives appropriate notice of nonrenewal. Under the agreement, the Company will credit an annual amount equal to the difference between the percentage matching contribution made by the Company to Mr. Baliff's 401(k) Plan Account and up to 15% of Mr. Baliff's annual salary and bonus to Mr. Baliff's Deferred Compensation Plan Account. The Company provides Mr. Baliff with a term life insurance policy in the amount of \$500,000 payable to his designated beneficiaries. If Mr. Baliff's employment is terminated by the Company or by him for Good Reason (as those terms are defined in Mr. Baliff's employment agreement) or under certain other circumstances specified in Mr. Baliff's employment agreement within two years of a Change of Control, as defined, he will be entitled to a lump sum cash payment equal to three times the sum of Mr. Baliff's annual base salary and highest annual incentive bonus received by him for any of the last three fiscal years, along with other benefits including vesting of outstanding long-term incentive awards. The agreement also contains confidentiality, non-competition, employee non-solicitation and other provisions. Mr. Baliff is also eligible to participate in the Company's Management Severance Benefits Plan for U.S. Employees, which provides that in the event of his involuntary termination without cause (other than during the two years following a change in control of the Company) he would be entitled to a severance payment equal to two times the sum of his base salary and target bonus, payment of a prorated target bonus for the year of termination subject to achievement of minimum performance objectives, vesting of outstanding equity and performance cash awards subject to achievement of minimum performance objectives, and certain continued welfare benefits and outplacement services. As described above, effective May 19, 2014, Mr. Baliff's base salary is \$700,000, and Mr. Baliff will be eligible for a cash bonus, if he and the Company meet certain performance targets, of up to 250% of his base salary. The Compensation Committee determined such amount in connection with his anticipated promotion based on (i) Mr. Baliff's experience, skills and prior compensation, (ii) competitive market data consisting of (a) peer group data and (b) compensation survey data and (iii) the compensation received by Mr. Chiles in his position as President and Chief Executive Officer. The Compensation Committee targeted the total value of Mr. Baliff's compensation between the 25th and 50th percentile of the competitive market data that it reviewed.

Mr. Akel and the Company entered into an amended and restated severance benefits agreement, effective as of April 10, 2012. The agreement remains in effect for the term of Mr. Akel's employment with the Company. Effective May 19, 2014, Mr. Akel's base salary is \$439,189 and he will be eligible for a cash bonus, if he and the Company meet certain performance targets, of up to 187.5% of his base salary. If Mr. Akel's employment is terminated by the Company without Cause or by him for Good Reason (as those terms are defined in Mr. Akel's severance benefits agreement) or under certain other circumstances specified in Mr. Akel's severance benefits agreement, he will be entitled to a lump sum cash payment calculated pursuant to a formula set forth therein, along with other benefits including vesting of outstanding long-term incentive awards. The lump sum payment is equal to (i) if the termination occurs within two years of a Change of Control, as defined, three times the sum of Mr. Akel's annual base salary and highest annual incentive bonus received by him for any of the last three fiscal years and (ii) if the termination occurs at any other time, the sum of Mr. Akel's annual base salary and current annual incentive target bonus for the full year in which termination occurred. The Company will also credit an annual amount equal to the difference between the percentage matching contribution made by the Company to Mr. Akel's 401(k) Plan Account and up to 15% of Mr. Akel's annual salary and bonus to Mr. Akel's Deferred Compensation Plan Account. The Company provides Mr. Akel with a term life insurance policy in the amount of \$500,000 payable to his designated beneficiaries. The agreement also contains confidentiality, non-competition, employee non-solicitation and other provisions. Mr. Akel is also eligible to participate in the Company's Management Severance Benefits Plan for U.S. Employees, which provides that in the event of his involuntary termination without cause (other than during the two years following a change in control of the Company) he would be entitled to a severance payment equal to one times the sum of his base salary and target bonus, to payment of a prorated target bonus for the year of termination subject to achievement of minimum performance objectives, to vesting of outstanding equity and performance cash awards subject to achievement of minimum performance objectives, and to certain continued welfare benefits and outplacement services.

Ms. Ware and the Company entered into an amended and restated severance benefits agreement, effective as of November 4, 2010. The agreement remains in effect for the term of Ms. Ware's employment with the Company. Effective May 19, 2014, Ms. Ware's annual base salary is \$412,298 and she will be eligible for an annual cash bonus, if she and the Company meet certain performance targets, of up to 162.5% of her base salary. The Company will also credit an annual amount equal to the difference between the percentage matching contribution made by the Company to Ms. Ware's 401(k) Plan Account and up to 15% of Ms. Ware's annual salary and bonus to Ms. Ware's Deferred Compensation Plan Account. The Company provides Ms. Ware with a term life insurance policy in the amount of \$500,000 payable to her designated beneficiaries. If Ms. Ware's employment is terminated by the Company without Cause or by her for Good Reason (as those terms are defined in Ms. Ware's severance benefits agreement) or under certain other circumstances specified in Ms. Ware's severance benefits agreement, she will be entitled to a lump sum cash payment calculated pursuant to a formula set forth therein, along with other benefits including vesting of outstanding long-term

incentive awards. The lump sum payment is equal to (i) if the termination occurs within two years of a Change of Control, as defined, three times the sum of Ms. Ware's annual base salary and highest annual incentive bonus received by her for any of the last three fiscal years and (ii) if the termination occurs at any other time, the sum of Ms. Ware's annual base salary and current annual incentive target bonus for the full year in which termination occurred. The agreement also contains confidentiality, non-competition, employee non-solicitation and other provisions. Ms. Ware is also eligible to participate in the Company's Management Severance Benefits Plan for U.S. Employees, which provides that in the event of her involuntary termination without cause (other than during the two years following a change in control of the Company) she would be entitled to a severance payment equal to one times the sum of her base salary and target bonus, to payment of a prorated target bonus for the year of termination subject to achievement of minimum performance objectives, to vesting of outstanding equity and performance cash awards subject to achievement of minimum performance objectives, and to certain continued welfare benefits and outplacement services.

The Compensation Committee determined to discontinue entering into employment agreements with executive officers hired after June 2012. Accordingly, none of Messrs. Akiri, Briscoe or Earle has an employment agreement.

As we previously announced on February 3, 2014, Mr. Chiles and the Company entered into a Retirement and Consulting Agreement, dated January 30, 2014, to specify the terms of his continued employment with the Company. Prior to his retirement as an officer, Mr. Chiles continued to serve as the Company's Chief Executive Officer and (1) received a salary of \$950,000 per year commencing January 1, 2014, (2) remained eligible for annual bonuses, with the fiscal year 2015 annual bonus prorated for his time of service as an officer of the Company and paid at the greater of target level of 100% of salary for that period or the level of actual achievement of relevant performance goals, (3) in June 2014, received a grant of long-term incentive awards, which included equity awards and performance cash awards, and (4) remained eligible for participation in the Company's 401(k), welfare, deferred compensation and other plans pursuant to the terms of such plans.

Upon his retirement as an officer, Mr. Chiles was entitled to a lump sum cash payment of \$3.8 million, which is equivalent to the amount that would have been payable as severance under the employment agreement that was in effect prior to the execution of the Retirement and Consulting Agreement. In addition, all outstanding long-term incentive awards other than awards granted in 2014 fully vested. Under the terms of the Retirement and Consulting Agreement, following his retirement as an officer and ending July 31, 2016 or a mutually agreed earlier date, Mr. Chiles will provide consulting services to the Company relating to the achievement of certain business objectives and matters of strategy. During the period that he provides consulting services to the Company, Mr. Chiles will receive a salary at the rate of \$950,000 per year, be eligible for a discretionary cash bonus with respect to the first year of his provision of consulting services and be entitled to other specified benefits. At the end of the consulting period, all long-term incentive awards granted in 2014 will fully vest.

The Retirement and Consulting Agreement contains certain restrictive covenants and confidentiality provisions, including non-compete and non-solicitation obligations continuing for 18 months after Mr. Chiles terminates all employment and consulting services with the Company, and a mutual non-disparagement provision. We recorded compensation expense of \$5.5 million during fiscal year 2015 related to the Retirement and Consulting Agreement.

As part of its determination of the terms and conditions of the Retirement and Consulting Agreement, the Compensation Committee considered, among other factors, the following: (i) the then-existing employment agreement of Mr. Chiles, (ii) existing employment policies of the Company, (iii) competitive market data provided by Pearl Meyer in respect of recent oil and gas industry CEO succession arrangements, and (iv) expectations for Mr. Chiles to assist with a successful, measured CEO transition process and to continue assisting with the implementation and realization of various strategic initiatives which he had an integral role in formulating.



## Outstanding Equity Awards at Fiscal Year-End

The following table sets forth information concerning unexercised stock options and unvested restricted stock of each of our NEOs:

### Outstanding Equity Awards at Fiscal Year-End – March 31, 2015

Name	Option Awards					Stock Awards			
	Number of Securities Underlying Unexercised Options (#) Exercisable <sup>(1)</sup>	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested(#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$)
Mr. Baliff	5,986	-	-	\$43.79	06/08/21	-	-	-	\$ 1,590,699 <sup>(2)</sup>
	4,000	7,775	-	\$43.38	05/25/22	-	-	-	-
	7,266	14,533	-	\$62.65	06/06/23	-	-	-	-
	-	60,374	-	\$74.37	06/04/24	-	-	31,370	\$ 1,708,097
Mr. Briscoe	-	-	-	-	-	-	-	-	\$ 425,000 <sup>(2)</sup>
	-	22,787	-	\$77.39	06/09/24	-	-	5,492	\$ 299,039
Mr. Akel	-	-	-	\$29.17	12/29/15	-	-	-	\$ 829,579 <sup>(2)</sup>
	-	-	-	\$46.45	05/24/17	-	-	-	-
	-	-	-	\$50.25	06/05/18	-	-	-	-
	-	-	-	\$32.90	06/04/19	-	-	-	-
	-	-	-	\$30.16	06/09/20	-	-	-	-
	-	-	-	\$43.79	06/08/21	-	-	-	-
	10,030	5,015	-	\$43.38	05/25/22	-	-	-	-
	5,583	11,168	-	\$62.65	06/06/23	-	-	-	-
	-	24,491	-	\$74.37	06/04/24	-	-	30,558	\$ 1,663,883
Ms. Ware	-	-	-	\$42.75	08/15/17	-	-	-	\$ 735,290 <sup>(2)</sup>
	7,000	-	-	\$50.25	06/05/18	-	-	-	-
	-	-	-	\$32.90	06/04/19	-	-	-	-
	-	-	-	\$30.16	06/09/20	-	-	-	-
	11,928	-	-	\$43.79	06/08/21	-	-	-	-
	11,432	5,717	-	\$43.38	05/25/22	-	-	-	-
	5,563	11,127	-	\$62.65	06/06/23	-	-	-	-
	-	19,313	-	\$74.37	06/04/24	-	-	30,478	\$ 1,659,527
Mr. Earle	4,761	4,761	-	\$47.35	07/30/22	-	-	-	\$ 653,211 <sup>(2)</sup>
	4,776	9,554	-	\$62.65	06/06/23	-	-	-	-
	-	17,803	-	\$74.37	06/04/24	-	-	27,185	\$ 1,480,223
Mr. Chiles <sup>(3)</sup>	-	-	-	\$29.17	12/29/15	-	-	-	\$ 3,158,333 <sup>(2)</sup>
	-	-	-	\$35.06	06/14/16	-	-	-	-
	29,000	-	-	\$46.45	05/24/17	-	-	-	-
	36,100	-	-	\$50.25	06/05/18	-	-	-	-
	-	-	-	\$32.90	06/04/19	-	-	-	-
	23,034	-	-	\$30.16	06/09/20	-	-	-	-
	61,862	-	-	\$43.79	06/08/21	-	-	-	-
	73,481	-	-	\$43.38	05/25/23	-	-	-	-
	67,581	-	-	\$62.65	06/06/23	-	-	-	-
	-	88,293	-	\$74.37	06/04/24	-	-	21,279	\$ 1,158,642

<sup>(1)</sup> Options vest and become exercisable in three equal annual installments after the date of grant.

<sup>(2)</sup> Performance cash awards vest in full three years from the date of grant. This amount represents the total of all outstanding unvested performance cash awards from fiscal year 2014 and fiscal year 2015 assuming a payout at the “target” level. Following March 31, 2015, performance cash awards from fiscal year 2013 for all NEOs, except for Messrs. Briscoe and Earle (who were not employed by the Company at the time that the award was granted), vested at 200% of the target level in the following amounts based on the Company’s TSR over the three year period ended March 31, 2015: Mr. Baliff - \$740,600, Mr. Akel - \$477,750, Ms. Ware - \$544,544, and Mr. Chiles - \$2,333,333 (see footnote 3 below).

<sup>(3)</sup> Pursuant to the terms of his Retirement and Consulting Agreement described above, following his retirement as CEO of the Company upon the conclusion of last year’s annual meeting of stockholders, Mr. Chiles stopped being eligible for long term incentive awards.

## Option Exercises and Stock Vested

The following table sets forth information concerning exercises of stock options and vesting of restricted stock of each of our NEOs during fiscal year 2015:

### Option Exercises and Stock Vested – Fiscal Year 2015

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$)
Mr. Baliff.....	3,774	\$ 92,161	7,542	\$ 580,281
Mr. Briscoe.....	-	-	-	-
Mr. Akel.....	1,236	\$ 44,287	1,557	\$ 119,796
Ms. Ware.....	-	-	5,010	\$ 385,469
Mr. Earle.....	-	-	-	-
Mr. Chiles <sup>(1)</sup> .....	-	-	78,557	\$ 5,806,537

<sup>(1)</sup> Pursuant to his Retirement and Consulting Agreement, all of Mr. Chiles's unvested stock options and restricted stock unit grants awarded in May 2012 and June 2013 fully vested on July 31, 2014.

## Nonqualified Deferred Compensation Plans

The following table sets forth information concerning deferred compensation for each of our NEOs during fiscal year 2015:

### Nonqualified Deferred Compensation – Fiscal Year 2015

Name	Executive Contributions in Last FY (\$)	Registrant Contributions in Last FY (\$) <sup>(1)</sup>	Aggregate Earnings in Last FY (\$)	Aggregate Withdrawals/ Distributions (\$)	Aggregate Balance at Last FYE (\$)
Mr. Baliff.....	-	\$ 190,062	\$ 37,105	-	\$ 573,587
Mr. Briscoe.....	-	\$ 19,908	\$ 848	-	\$ 20,756
Mr. Akel.....	-	\$ 100,395	\$ 16,517	-	\$ 443,279
Ms. Ware.....	-	\$ 101,072	\$ -833	-	\$ 568,136
Mr. Earle.....	-	\$ 92,131	\$ 17,291	-	\$ 213,659
Mr. Chiles.....	-	\$ 398,394	\$ 189,302	\$ 4,267,953	\$ 0

<sup>(1)</sup> Registrant contributions in last fiscal year are included in all other compensation in the Summary Compensation Table.

Under the terms of the Company's Deferred Compensation Plan for senior executives, participants can elect to defer a portion of their compensation for distribution at a later date. Additionally, the Company contributes an amount to the Deferred Compensation Plan account of participants equal to the difference between the percentage matching contribution made by the Company to the applicable participant's 401(k) Plan Account and in the case of the Chief Executive Officer, up to 20% of salary and bonus, and in the case of each of our other NEOs, up to 15% of annual base salary and bonus. Deferred Compensation Plan holdings are invested in the same general funds available under the Company's 401(k) Plan in accordance with the elections of the plan participant. Distributions upon retirement or termination of employment are made pursuant to the participant's election subject to any applicable limitations of the Internal Revenue Code. We have general contractual obligations to pay the deferred compensation upon the participant's termination of employment for any reason, including but not limited to death, disability or retirement.

## Potential Payments upon Termination or Change-in-Control

Each of our NEOs is party to an employment or severance benefit agreement as described above or is otherwise covered by the Severance Policy. Pursuant to these agreements and the Severance Policy, Messrs. Baliff, Briscoe, Akel and Earle and Ms. Ware are entitled to certain severance benefits. If Messrs. Baliff, Briscoe, Akel or Earle's or Ms. Ware's employment is terminated by the Company without Cause or in some cases by the employee for Good Reason (as defined in the applicable agreement), he or she would be entitled to a lump sum severance payment equal to a multiple of the sum of his or her annual base salary plus his or her current annual incentive target bonus for the full year in which the termination of employment occurred. For Mr. Baliff, the multiple is two, and for Messrs. Akel and Earle and Ms. Ware, the multiple is one. The definition of "Cause" includes, among other things, conviction of the officer of a crime involving moral turpitude or a felony, commission by the officer of fraud upon, or misappropriation of funds of, the Company, knowing engagement by the officer in any activity in direct competition with the Company, and a material breach by the officer of covenants related to confidentiality, non-competition and non-solicitation. The definition of "Good Reason" includes, among other things, a reduction in the officer's base salary or bonus opportunity, a relocation of more than fifty miles of the officer's principal office, a material failure of the Company to comply with any material provision of such employment agreement. Prior to terminating his or her employment for Good Reason, the officer must comply with the notice provisions of his or her employment or severance benefits agreement.

Pursuant to the Retirement and Consulting Agreement described above, and subject to timely execution of a release of claims against the Company and its affiliates, upon expiration of the consulting period on July 31, 2016, or upon any earlier involuntary termination of his employment with the Company without cause, Mr. Chiles will receive (A) payment of his annual salary through July 31, 2016, (B) full vesting of the 2014 long-term incentive awards, (C) a lump sum cash payment of \$250,000 for health insurance coverage and (D) a payment of 20% of all salary and any cash bonus amount attributable to any period after he is no longer eligible to participate in the Company's deferred compensation plan.

The following amounts would be payable if (A) the listed officer's employment is terminated by the Company without Cause or, in certain cases, by the officer for Good Reason or (B) Mr. Chiles's employment is terminated by the Company without cause as provided in his Retirement and Consulting Agreement.

	Salary Multiple <sup>(1)</sup>	Target Bonus Multiple <sup>(2)</sup>	Vesting of Equity Awards <sup>(3)</sup>	Extended Health and other Benefits <sup>(4)</sup>	Total
Mr. Baliff .....	\$ 1,400,000	\$ 1,400,000	\$ 1,902,257	\$ 29,144	\$ 4,731,401
Mr. Briscoe .....	\$ 425,000	\$ 318,750	\$ 299,039	\$ 27,057	\$ 1,069,846
Mr. Akel .....	\$ 439,189	\$ 329,392	\$ 1,830,431	\$ 36,513	\$ 2,635,525
Ms. Ware .....	\$ 412,298	\$ 267,994	\$ 2,005,919	\$ 2,234	\$ 2,688,445
Mr. Earle .....	\$ 380,061	\$ 247,040	\$ 1,547,829	\$ 36,513	\$ 2,211,443
Mr. Chiles .....	\$ 1,271,526	\$ -	\$ 3,574,641	\$ 250,000	\$ 5,096,167

<sup>(1)</sup> Except for Mr. Chiles, assumes the salary in effect on April 1, 2015. With respect to Mr. Chiles, assumes his remaining annual salary from April 1, 2015 through July 31, 2016.

<sup>(2)</sup> Except for Mr. Chiles, assumes the target bonus percentage in effect on April 1, 2015. In addition to the amount set forth above, each officer will also be eligible for a prorated target bonus equal to the target bonus opportunity for the year in which the officer's termination of employment occurs multiplied by a fraction, the numerator of which is the number of days the officer was employed during the fiscal year in which the officer's termination of employment occurs and the denominator of which is 365.

<sup>(3)</sup> Assumes that the triggering event took place on March 31, 2015, the last business day of fiscal year 2015, and a price per share of \$54.45, the closing market price of our common stock as of March 31, 2015, the final trading day of fiscal year 2015.

<sup>(4)</sup> Varies according to individual choice of medical plan. Accordingly, the amount shown assumes an employee choice which would result in the largest amount the Company would be responsible for. The amount for Mr. Chiles includes a \$250,000 lump sum cash payment intended to compensate for the expense of COBRA continuation coverage and a market medical insurance policy for his spouse until his spouse attains the age of 65.

Additionally, if any NEO's employment is terminated by the Company without Cause or by the NEO for Good Reason within the two years following a change in control of our Company, he or she would be entitled pursuant to our Severance Policy to a prorated target annual bonus, cash severance equal to three times the sum of the NEO's base salary and the highest annual bonus paid to such NEO during the past three years, accelerated vesting and payment of equity and cash incentive awards under the Plan, a cash

amount equal to COBRA premiums for 18 months and outplacement services for 12 months. The definition of “Change in Control” includes, subject to certain exceptions, (i) acquisition by any individual, entity or group of beneficial ownership of 35% or more of either the then outstanding shares of common stock of the Company or the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors, (ii) a change in at least a majority of the Company’s Board (iii) approval by the stockholders of the Company of a merger, unless immediately following such merger, substantially all of the holders of the Company’s securities immediately prior to merger beneficially own more than 50.1% of the common stock of the entity resulting from such merger, and (iv) the sale or other disposition of all or substantially all of the assets of the Company.

The following amounts would be payable if the listed NEO’s employment is terminated pursuant to a change in control event.

	<b>Salary Multiple<sup>(1)</sup></b>	<b>Highest Annual Bonus Multiple<sup>(2)</sup></b>	<b>Vesting of Equity Awards<sup>(3)</sup></b>	<b>Extended Health Benefits<sup>(4)</sup></b>	<b>Tax Gross Up</b>	<b>Total</b>
Mr. Baliff .....	\$ 2,100,000	\$ 1,297,659	\$ 1,902,257	\$ 29,144	N/A	\$ 5,329,060
Mr. Briscoe.....	\$ 1,275,000	\$ 956,250	\$ 299,039	\$ 27,057	N/A	\$ 2,557,346
Mr. Akel.....	\$ 1,317,567	\$ 1,071,369	\$ 1,830,431	\$ 36,513	N/A	\$ 4,255,880
Ms. Ware.....	\$ 1,236,894	\$ 1,126,134	\$ 2,005,919	\$ 2,234	N/A	\$ 4,371,181
Mr. Earle .....	\$ 1,140,183	\$ 1,036,050	\$ 1,547,829	\$ 36,513	N/A	\$ 3,760,575
Mr. Chiles .....	\$ 1,271,526	\$ -	\$ 3,574,641	\$ 250,000	N/A	\$ 5,096,167

(1) Salary multiple calculated using base salary as of April 1, 2015.

(2) Except for Mr. Briscoe, each officer’s highest annual bonus multiple calculated using the highest annual bonus paid to such officer in the three years preceding April 1, 2015. Target bonus was used to calculate Mr. Briscoe’s highest annual bonus multiple as of April 1, 2015. In addition to the amount set forth above, each officer will also be eligible for a prorated target bonus equal to the target bonus opportunity for the year in which the officer’s termination of employment occurs multiplied by a fraction, the numerator of which is the number of days the officer was employed during the fiscal year in which the officer’s termination of employment occurs and the denominator of which is 365.

(3) Assumes that the triggering event took place on March 31, 2015, the last business day of fiscal year 2015, and a price per share of \$54.45, the closing market price of our common stock as of March 31, 2015, the final trading day of fiscal year 2015.

(4) Varies according to individual choice of medical plan. Accordingly, the amount shown assumes an employee choice which would result in the largest amount the Company would be responsible for. The amount for Mr. Chiles includes a \$250,000 lump sum cash payment intended to compensate for the expense of COBRA continuation coverage and a market medical insurance policy for his spouse until his spouse attains the age of 65.

Any benefits payable pursuant to the above triggering events are payable in a cash lump sum not later than six months following the termination date.

The employment and severance benefits agreements of the NEOs also contain certain non-competition, non-solicitation and confidentiality provisions. For additional information regarding these employment agreements, see “Director and Executive Officer Compensation – Employment Agreements.”

## Director Compensation

The following table sets forth information concerning the compensation of each of our directors other than Mr. Baliff, who is a NEO:

### Director Compensation - Fiscal Year 2015

Name	Fees Earned or Paid in Cash (\$) <sup>(1)</sup>	Stock Awards (\$) <sup>(1)</sup>	All Other Compensation (\$)	Total (\$)
Thomas N. Amonett.....	\$ 90,000	\$ 125,000	-	\$ 215,000
Stephen J. Cannon.....	\$ 133,750	\$ 81,250	-	\$ 215,000
Michael A. Flick <sup>(4)</sup> .....	\$ 137,750	\$ 81,250	-	\$ 219,000
Lori A. Gobillot.....	\$ 133,750	\$ 81,250	-	\$ 215,000
Ian A. Godden <sup>(4)</sup> .....	\$ 94,000	\$ 125,000	-	\$ 219,000
David C. Gompert <sup>(2)</sup> .....	\$ 15,000	\$ -	-	\$ 15,000
Stephen A. King <sup>(3)(4)</sup> .....	\$ 114,000	\$ 125,000	-	\$ 239,000
Thomas C. Knudson.....	\$ 250,000	\$ 125,000	-	\$ 375,000
Mathew Masters <sup>(3)</sup> .....	\$ 90,000	\$ 125,000	-	\$ 215,000
Bruce H. Stover.....	\$ 153,750	\$ 81,250	-	\$ 235,000

- <sup>(1)</sup> The amounts in this column represent the fair value of restricted stock unit awards computed in accordance with FASB ASC Topic 718. For additional information, see Note 9 to our consolidated financial statements in our Annual Report on Form 10-K for fiscal year 2015. Each non-employee director is provided the opportunity each year to receive a restricted stock award equal in value to \$125,000 at the time of grant and is required to make a binding election at such time to either (i) receive 35% of his or her award in the form of restricted cash (\$43,750) and the remaining 65% of such award (\$81,250) in the form of restricted stock units or (ii) receive 100% of his or her award (\$125,000) in the form of restricted stock units. Each such restricted cash and restricted stock unit award vests six months from the date of grant. For fiscal year 2015, each of Ms. Gobillot and Messrs. Cannon, Flick and Stover elected to receive 35% of the award (\$43,750) in restricted cash and 65% of the award (\$81,250) in restricted stock units whereas each of Messrs. Amonett, Godden, King, Knudson and Masters elected to receive 100% of the award (\$125,000) in restricted stock units.
- <sup>(2)</sup> Mr. Gompert was appointed to our Board on February 4, 2015 and has only received fees in fiscal year 2015 for his months of service in February and March. He did not receive a sign-on stock award, but he will be eligible to receive the scheduled director stock award in August 2015, if elected to our Board at the Annual Meeting.
- <sup>(3)</sup> Pursuant to agreements with Caledonia Investments plc. as employer, Messrs. King and Masters assign any compensation received from the Company, including restricted stock units awarded under the Company's stock plans, to Caledonia. Messrs. King and Masters disclaim beneficial ownership of any such units or resulting shares.
- <sup>(4)</sup> Includes half of the one-time cash compensation award of \$8,000 paid to each of Messrs. Flick, Godden and King for services rendered on special committees of our Board during fiscal year 2015.

The Compensation Committee reviews director compensation annually. Based on consultation with their independent compensation consultant and market data, the Compensation Committee recommends for approval by our Board the annual retainer, stock awards and other benefits for members of our Board. The Compensation Committee’s objective with respect to director compensation is to provide compensation incentives that attract and retain individuals of outstanding ability. Directors who are Company employees do not receive a retainer or fees for service on our Board or any committees. The Company pays non-employee members of our Board for their service as directors. For fiscal year 2015, directors who were not employees received:

<b>Forms of Director Compensation</b>	<b>Amount (\$)</b>
Annual Chairman of the Board Fee <sup>(1)</sup> : .....	\$ 250,000
Annual director fee:.....	\$ 90,000
Committee Chairmen Annual Fees:	
Audit Committee .....	\$ 20,000
Compensation Committee .....	\$ 20,000
Governance and Nominating Committee ..	\$ 10,000
Restricted cash and equity compensation:.....	At each Annual Meeting of the Company, each non-employee director is eligible to be granted a number of restricted stock units with a value of \$125,000 based on the closing price on the date of the Annual Meeting (the date of grant) and is required to make a binding election at such time to either (i) receive 35% of his or her award in the form of restricted cash and the remaining 65% of such award in the form of restricted stock units or (ii) receive 100% of his or her award in the form of restricted stock units. Each such restricted cash and restricted stock unit award vests six months from the date of grant.

<sup>(1)</sup> For fiscal year 2015, the Chairman of our Board was only eligible to receive each year \$125,000 in restricted cash and equity compensation together with the \$250,000 payable in cash for the Annual Chairman of the Board Fee and forewent any other annual director fee or committee chairman fee that would otherwise have applied.

Directors are also reimbursed for reasonable out-of-pocket expenses incurred in attending meetings of our Board or committees and for other reasonable expenses related to the performance of their duties as directors.

On May 15, 2015, our Board approved a special, one-time cash compensation award of \$8,000 to each of Messrs. Flick, Godden and King in recognition of outstanding effort with respect to their service on special committees of our Board from February 5, 2015 to May 15, 2015. Each such award was paid by the Company to the applicable recipient on or about June 1, 2015.

## EQUITY COMPENSATION PLAN INFORMATION

The following table sets forth information about the Company's common stock that may be issued under existing equity compensation plans as of March 31, 2015.

<u>Plan category</u>	<u>Number of securities to be issued upon exercise of outstanding options, warrants and rights</u> (a)	<u>Weighted-average exercise price of outstanding options, warrants and rights</u> (b)	<u>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))<sup>(1)</sup></u> (c)
Equity compensation plans approved by security holders	1,336,136	\$57.80	2,243,417
Equity compensation plans not approved by security holders	0	0	0
<b>Total</b>	<b>1,336,136</b>	<b>\$57.80</b>	<b>2,243,417</b>

<sup>(1)</sup> The securities remaining available for issuance may be issued in the form of stock options, stock appreciation rights, restricted stock, restricted stock units, stock awards, performance units and performance shares.

## ITEM 2 - ADVISORY APPROVAL OF EXECUTIVE COMPENSATION

Our Board recognizes the interest that the Company's stockholders have in the compensation of the Company's Named Executive Officers. In recognition of that interest and in accordance with the requirements of SEC rules and the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, this proposal, commonly known as a "say on pay" proposal, provides the Company's stockholders with the opportunity to cast an advisory vote on the compensation of the Company's Named Executive Officers, as disclosed in this proxy statement pursuant to the SEC's compensation disclosure rules, including the discussion of the Company's compensation discussion and analysis beginning on page P-23 followed by the compensation tables beginning on page P-44 of this proxy statement. This advisory vote is intended to give the Company's stockholders an opportunity to provide an overall assessment of the compensation of the Company's Named Executive Officers rather than focus on any specific item of compensation. As described in the Compensation Discussion and Analysis included in this proxy statement, the Company has adopted an executive compensation program that reflects the Company's philosophy that executive compensation should be structured so as to align each executive's interests with the interests of the Company's stockholders.

As an advisory vote, the stockholders' vote on this proposal is not binding on our Board or the Company and our Board could, if it concluded it was in the Company's best interests to do so, choose not to follow or implement the outcome of the advisory vote. However, the Company expects that the Compensation Committee of our Board will review voting results on this proposal and give consideration to the outcome when making future executive compensation decisions for the Company's Named Executive Officers.

Approval, on an advisory basis, of the Company's executive compensation requires the affirmative vote of holders of at least a majority of the votes cast at the Annual Meeting in person or by proxy. All duly submitted and unrevoked proxies will be voted for the proposal, except where a contrary vote is indicated or authorization to vote is withheld.

### **Recommendation**

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**Our Board unanimously recommends that stockholders approve, on an advisory basis, the compensation of the Company's Named Executive Officers by voting FOR the approval of the following resolution:**

**RESOLVED, that the compensation of the Company's Named Executive Officers, as disclosed in the Company's proxy statement relating to the 2015 Annual Meeting of Stockholders pursuant to the executive compensation disclosure rules promulgated by the SEC, is hereby approved.**

### **Vote Required**

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The approval of this proposal requires the affirmative vote of a majority of votes cast on this proposal. Abstentions and broker nonvotes will not count either for or against the proposal.



## AUDIT COMMITTEE REPORT

The Audit Committee's principal functions are to select each year a firm of independent auditors, to assist our Board in fulfilling its responsibility for oversight of the Company's accounting and internal control systems and principal accounting policies, to recommend to the Company's Board, based on its discussions with the Company's management and independent auditor, the inclusion of the audited financial statements in the Company's Annual Report on Form 10-K and to oversee the entire independent audit function. The Company believes that each of the five members of the Audit Committee satisfy the requirements of the applicable rules of the SEC and the NYSE as to independence, financial literacy and experience. Our Board has determined that at least one member, Stephen A. King, is an audit committee financial expert as defined by the SEC. Our Board has adopted a charter for the Audit Committee, a copy of which is posted on our website, [www.bristowgroup.com](http://www.bristowgroup.com), under the "Governance" caption.

In connection with the Company's consolidated financial statements for the fiscal year ended March 31, 2015, the Audit Committee has:

- reviewed and discussed the audited financial statements and matters related to Section 404 of the Sarbanes-Oxley Act of 2002 with management and the independent auditor;
- discussed with the Company's independent auditor, KPMG LLP, the matters required to be discussed by Statements on Auditing Standards No. 61 (Communications with Audit Committees), as superseded by the Public Company Accounting Oversight Board Auditing Standard No. 16;
- received the written disclosures and the letter from KPMG LLP as required by Public Company Accounting Oversight Board Rule 3526 regarding the independent auditor's communications with the Audit Committee concerning independence, and discussed with the independent auditor that firm's independence; and
- considered whether the provision of services by KPMG LLP not related to the audit of the Company's consolidated financial statements is compatible with maintaining the independence of KPMG LLP.

Based on the review and discussions with the Company's management and independent auditor, as set forth above, the Audit Committee recommended to the Company's Board, and our Board has approved, that the audited financial statements be included in the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2015, as filed with the SEC.

### Audit Committee

Stephen A. King, Chairman  
Thomas N. Amonett  
Stephen J. Cannon  
Michael A. Flick  
Ian A. Godden

### ITEM 3 - APPROVAL AND RATIFICATION OF THE COMPANY'S INDEPENDENT AUDITORS

#### Fiscal Year 2015 Audit

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KPMG conducted the examination of the Company's financial statements for the fiscal year 2015. Representatives of KPMG are expected to be present at the Annual Meeting with the opportunity to make a statement if they desire to do so and will be available to respond to appropriate questions.

During the Company's two most recent fiscal years, the Company did not consult KPMG with respect to the application of accounting principles to a specified transaction, either completed or proposed, or the type of audit opinion that might be rendered on the Company's financial statements, or any other matters or reportable events listed in the Items 304(a)(2)(i) and (ii) of Regulation S-K.

#### Accounting Fees and Services

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Set forth below are the fees paid by the Company to KPMG for the fiscal years indicated.

	<b>2015</b>	<b>2014</b>
Audit Fees.....	\$ 2,358,440	\$ 2,898,855
Audit-Related Fees .....	\$ 1,072,578	\$ 260,350
All Other Fees.....	\$ 318,504	\$ 403,280
Tax Fees.....	\$ 863,526	\$ 763,855

#### Description of Non-Audit Services

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Audit fees for each period include costs to assess our internal controls over financial reporting.

Audit-Related Fees – audit-related fees for fiscal year 2015 related principally to adoption of new accounting standards in the U.K. and implementation of a new Enterprise Resource Planning (ERP) system.

All Other Fees – such fees relate to immigration and transaction support consulting services.

Tax Fees – tax fees included fees for tax compliance, tax advice and tax planning services rendered by the Company's independent accountants.

#### Audit Committee Pre-Approval Policies and Procedures

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Our Audit Committee has policies and procedures that require the pre-approval by the Audit Committee of all fees paid to, and all services performed by, our independent accounting firm. At the beginning of each year, the Audit Committee approves the proposed services, including the nature, type and scope of services contemplated and the related fees, to be rendered by KPMG during the year. In addition, Audit Committee pre-approval is also required for those engagements that may arise during the course of the year that are outside the scope of the initial services and fees pre-approved by the Audit Committee.

Our Audit Committee policy requires prior Audit Committee approval of all services performed by our independent accounting firm, regardless of the scope of such services. The Audit Committee has delegated this prior approval authority to its Chairman for all non-audit services undertaken in the ordinary course. Any services approved by the Audit Committee Chairman pursuant to this delegated authority must be reported to the full Audit Committee at its next regularly scheduled meeting.

Pursuant to the Sarbanes-Oxley Act of 2002, the fees and services provided as noted in the table above were authorized and approved by the Audit Committee in compliance with the pre-approval policies and procedures described herein.

#### Fiscal Year 2016 Audit

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The Audit Committee of the Company's Board has selected the firm of KPMG as the Company's independent auditors for fiscal year 2016. Stockholder approval and ratification of this selection is not required by law or by the bylaws of the Company. Nevertheless, our Board has chosen to submit it to the stockholders for their approval and ratification. Of the shares represented and entitled to vote at the Annual Meeting (whether in person or by proxy), more votes must be cast in favor of than votes cast against the proposal to ratify and approve the selection of KPMG as the Company's independent auditors for fiscal year 2016, in order for this

proposal to be adopted. The Proxyholder named in the accompanying proxy card will vote FOR the foregoing proposal unless otherwise directed therein. Abstentions will not be counted either as a vote FOR or as a vote AGAINST the proposal to ratify and approve the selection of KPMG as the Company's independent auditors for fiscal year 2016. Broker nonvotes will be treated as not present for purposes of calculating the vote with respect to the foregoing proposal, and will not be counted either as a vote FOR or AGAINST or as an ABSTENTION with respect thereto. If more votes are cast AGAINST this proposal than FOR, our Board will take such decision into consideration in selecting independent auditors for the Company.

**Our Board recommends a vote FOR the approval and ratification of the selection of KPMG LLP as the Company's independent auditors for fiscal year 2016.**

## OTHER MATTERS

### **Compensation Committee Interlocks and Insider Participation**

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No member of the Compensation Committee during the fiscal year 2015 was an officer or employee of the Company or was formerly an officer of the Company. No member of the Compensation Committee had any relationship requiring disclosure by the Company under any paragraph of Item 404 of Regulation S-K (Transaction with Related Persons, Promoters and Certain Control Persons).

### **Transactions with Related Persons**

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There were no related party transactions of the Company during fiscal year 2015 that were required to be reported pursuant to the applicable disclosure rules of the SEC.

### **Review and Approval of Related Party Transactions**

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The Company has adopted a written policy governing transactions with related parties that applies to all transactions required to be disclosed as related party transactions under Item 404 of Regulation S-K. Under this policy, all such related person transactions are required to be approved or ratified by the Audit Committee. No member of the Audit Committee may review or approve any transaction or amendment if he is involved directly or indirectly in the transaction. Our Board may also decide that a majority of directors disinterested in the transaction will review and approve a particular transaction or amendment. When reviewing and approving a related person transaction, the Audit Committee, or other board committee as the case may be, will be required to fully inform itself about the related party's relationship and interest regarding the material facts of the proposed transaction and determine that the transaction is fair to the Company.

### **Section 16(a) Beneficial Ownership Reporting Compliance**

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Section 16(a) of the Exchange Act requires our directors, officers, and certain beneficial owners (collectively, "Section 16 Persons") to file with the SEC and NYSE reports of beneficial ownership on Form 3 and reports of changes in ownership on Form 4 or Form 5. Copies of all such reports are required to be furnished to us. To our knowledge, based solely on a review of the copies of Section 16(a) reports furnished to us for fiscal year 2015 and other information, all filing requirements for the Section 16 Persons have been complied with during or with respect to fiscal year 2015.

### **Items of Business to Be Acted Upon at the Meeting**

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#### **Item 1. ELECTION OF THE NOMINEES NAMED IN THIS PROXY STATEMENT AS DIRECTORS**

**Our Board unanimously recommends that you vote FOR the election of each of the following nominees:**

- Thomas N. Amonett
- Jonathan E. Baliff
- Stephen J. Cannon
- Michael A. Flick
- Lori A. Gobillot
- Ian A. Godden
- David C. Gompert
- Stephen A. King
- Thomas C. Knudson
- Mathew Masters
- Bruce H. Stover

Biographical information for these nominees can be found beginning on page P-12 of this proxy statement.

**Item 2. ADVISORY APPROVAL OF EXECUTIVE COMPENSATION**

Our Board unanimously recommends that stockholders approve, on an advisory basis, the compensation of the Company's Named Executive Officers by voting FOR the approval of the following resolution:

RESOLVED, that the compensation of the Company's Named Executive Officers, as disclosed in the Company's proxy statement relating to the 2015 Annual Meeting of Stockholders pursuant to the executive compensation disclosure rules promulgated by the SEC, is hereby approved.

**Item 3. APPROVAL AND RATIFICATION OF THE COMPANY'S INDEPENDENT AUDITORS**

Our Board unanimously recommends that you vote FOR the approval and ratification of the selection of KPMG LLP as the Company's independent auditors for fiscal year 2016.

**VOTING OF THE PROXY**

SHARES REPRESENTED BY ALL PROPERLY EXECUTED PROXIES WILL BE VOTED AS DIRECTED IN THE PROXIES. IF NO DIRECTION IS SPECIFIED, SUCH SHARES WILL BE VOTED "FOR" THE NOMINEES AND "FOR" THE OTHER PROPOSALS SET FORTH ABOVE.

**General**

The cost of soliciting Proxies will be borne by us, and upon request, we will reimburse brokerage firms, banks, trustees, nominees and other persons for their out-of-pocket expenses in forwarding proxy materials to the beneficial owners of our securities. Our directors, officers and employees may, but without compensation other than regular compensation, solicit Proxies by telephone, telegraph, or personal interview.

**Householding**

The SEC permits a single set of annual reports and proxy statements to be sent to any household at which two or more stockholders reside if they appear to be members of the same family. Each stockholder continues to receive a separate proxy card. This procedure, referred to as householding, reduces the volume of duplicate information stockholders receive and reduces mailing and printing expenses. A number of brokerage firms have instituted householding. As a result, if you hold your shares through a broker and you reside at an address at which two or more stockholders reside, you will likely be receiving only one annual report and proxy statement unless any stockholder at that address has given the broker contrary instructions. However, if any such beneficial stockholder residing at such an address wishes to receive a separate annual report or proxy statement in the future, or if any such beneficial stockholder that elected to continue to receive separate annual reports or proxy statements wishes to receive a single annual report or proxy statement in the future, that stockholder should contact their broker or send a request to Corporate Secretary, Bristow Group Inc., 2103 City West Blvd., 4th Floor, Houston, Texas 77042, telephone number (713) 267-7600.

Upon the written request of any stockholder entitled to vote at the Annual Meeting, we will provide, without charge, a copy of our Annual Report on Form 10-K for fiscal year 2015. Any such request should be directed to Corporate Secretary, Bristow Group Inc., 2103 City West Blvd., 4th Floor, Houston, Texas 77042, telephone number (713) 267-7600. Requests from beneficial owners of our shares must set forth a good faith representation that as of June 11, 2015, the requester was a beneficial owner of shares entitled to vote at the Annual Meeting.

By Order of our Board of Directors



E. Chipman Earle  
*Senior Vice President, Chief Legal Officer,  
and Corporate Secretary*

June 23, 2015

# **ANNUAL REPORT TO STOCKHOLDERS**

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-K



ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF  
THE SECURITIES EXCHANGE ACT OF 1934  
For the Fiscal Year Ended March 31, 2015

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 001-31617

**Bristow Group Inc.**

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of  
incorporation or organization)

72-0679819

(IRS Employer  
Identification Number)

2103 City West Blvd.,  
4<sup>th</sup> Floor  
Houston, Texas

(Address of principal executive offices)

77042

(Zip Code)

Registrant's telephone number, including area code: (713) 267-7600

Securities registered pursuant to Section 12(b) of the Act:

Title of each Class

Common Stock (\$.01 par value)

Name of each exchange on which registered

New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: NONE

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

YES  NO

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

YES  NO

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 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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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 the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting company

(Do not check if a 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 aggregate market value of the voting Common Stock held by non-affiliates of the registrant, based upon the closing price on the New York Stock Exchange, as of September 30, 2014 was \$2,255,674,848.

The number of shares outstanding of the registrant's Common Stock as of May 15, 2015 was 34,839,335.

**DOCUMENTS INCORPORATED BY REFERENCE**

Certain portions of the Registrant's Definitive Proxy Statement, to be filed with the Securities and Exchange Commission pursuant to Regulation 14A not later than 120 days after the close of the Registrant's fiscal year, are incorporated by reference under Part III of this Form 10-K.

**BRISTOW GROUP INC.**  
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**BRISTOW GROUP INC.**  
**ANNUAL REPORT (FORM 10-K)**

## **INTRODUCTION**

This Annual Report on Form 10-K is filed by Bristow Group Inc., which we refer to as Bristow Group or the Company.

We use the pronouns “we”, “our” and “us” and the term “Bristow Group” to refer collectively to Bristow Group and its consolidated subsidiaries and affiliates, unless the context indicates otherwise. We also own interests in other entities that we do not consolidate for financial reporting purposes, which we refer to as unconsolidated affiliates, unless the context indicates otherwise. Bristow Group, Bristow Aviation Holdings Limited (“Bristow Aviation”), our consolidated subsidiaries and affiliates, and the unconsolidated affiliates are each separate corporations, limited liability companies or other legal entities, and our use of the terms “we”, “our” and “us” does not suggest that we have abandoned their separate identities or the legal protections given to them as separate legal entities. Our fiscal year ends March 31, and we refer to fiscal years based on the end of such period. Therefore, the fiscal year ended March 31, 2015 is referred to as “fiscal year 2015”.

We are a Delaware corporation incorporated in 1969. Our executive offices are located at 2103 City West Blvd., 4<sup>th</sup> Floor, Houston, Texas 77042. Our telephone number is (713) 267-7600.

Our website address is <http://www.bristowgroup.com>. We make our website content available for information purposes only. It should not be relied upon for investment purposes, nor is it incorporated by reference in this Annual Report. All of our periodic report filings with the U.S. Securities and Exchange Commission (the “SEC”) pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (the “Exchange Act”) for fiscal periods ended on or after December 15, 2002 are made available, free of charge, through our website, including our annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K, and any amendments to these reports. These reports are available through our website as soon as reasonably practicable after we electronically file or furnish such material to the SEC. In addition, the public may read and copy any materials we file with the SEC at the SEC’s Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549 or on the SEC’s Internet website located at <http://www.sec.gov>. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330.

## **FORWARD-LOOKING STATEMENTS**

This Annual Report contains “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Exchange Act. Forward-looking statements are statements about our future business, strategy, operations, capabilities and results; financial projections; plans and objectives of our management; expected actions by us and by third parties, including our clients, competitors, vendors and regulators; and other matters. Some of the forward-looking statements can be identified by the use of words such as “believes”, “belief”, “expects”, “plans”, “anticipates”, “intends”, “projects”, “estimates”, “may”, “might”, “would”, “could” or other similar words; however, all statements in this Annual Report, other than statements of historical fact or historical financial results are forward-looking statements.

Our forward-looking statements reflect our views and assumptions on the date we are filing this Annual Report regarding future events and operating performance. We believe they are reasonable, but they involve known and unknown risks, uncertainties and other factors, many of which may be beyond our control, that may cause actual results to differ materially from any future results, performance or achievements expressed or implied by the forward-looking statements. Accordingly, you should not put undue reliance on any forward-looking statements.

You should consider the following key factors when evaluating these forward-looking statements:

- the possibility of political instability, war or acts of terrorism in any of the countries where we operate;
- fluctuations in worldwide prices of and demand for oil and natural gas;
- fluctuations in levels of oil and natural gas exploration, development and production activities;
- fluctuations in the demand for our services;
- the existence of competitors;
- the existence of operating risks inherent in our business, including the possibility of declining safety performance;
- the possibility of changes in tax and other laws and regulations;
- the possibility that the major oil companies do not continue to expand internationally and offshore;

- the possibility of significant changes in foreign exchange rates and controls;
- general economic conditions including the capital and credit markets;
- the possibility that we may be unable to acquire additional aircraft due to limited availability or unable to exercise aircraft purchase options;
- the possibility that we may be unable to dispose of older aircraft through sales into the aftermarket;
- the possibility that we or our suppliers may be unable to deliver new aircraft on time or on budget;
- the possibility that we may be unable to obtain financing or we may be unable to draw on our credit facilities;
- the possibility that we may lack sufficient liquidity to continue to repurchase shares or pay a quarterly dividend;
- the possibility that segments of our fleet may be grounded for extended periods of time or indefinitely;
- the possibility that we may be unable to re-deploy our aircraft to regions with greater demand;
- the possibility that reductions in spending on helicopter services by governmental agencies could lead to modifications of search and rescue (“SAR”) contract terms or delays in receiving payments;
- the possibility that clients may reject our aircraft due to late delivery or unacceptable aircraft design or operability; and
- the possibility that we do not achieve the anticipated benefits from the addition of new-technology aircraft to our fleet.

The above description of risks and uncertainties is by no means all-inclusive, but is designed to highlight what we believe are important factors to consider. For a more detailed description of risk factors, please see the risks and uncertainties described under Item 1A. “Risk Factors” included elsewhere in this Annual Report.

All forward-looking statements in this Annual Report are qualified by these cautionary statements and are only made as of the date of this Annual Report. We do not undertake any obligation, other than as required by law, to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

## PART I

### Item 1. *Business*

#### Overview

We are the leading provider of helicopter services to the worldwide offshore energy industry based on the number of aircraft operated and one of two helicopter service providers to the offshore energy industry with global operations. We have a long history in the helicopter services industry through Bristow Helicopters Ltd. (“Bristow Helicopters”) and Offshore Logistics, Inc., founded in 1955 and 1969, respectively. We have major transportation operations in the North Sea, Nigeria and the U.S. Gulf of Mexico, and in most of the other major offshore energy producing regions of the world, including Australia, Brazil, Canada, Russia and Trinidad. We provide private sector SAR services in Australia, Canada, Norway, Russia and Trinidad, and we provide public sector SAR services in North Scotland on behalf of the Maritime & Coastguard Agency. Additionally, in March 2013 we were awarded a contract to provide public sector SAR services for all of the U.K. We are completing the construction of certain facilities, taking delivery of aircraft and training personnel. This contract commenced at two of the bases in April 2015 and five additional bases will commence operation in fiscal year 2016.

We generated 87%, 85% and 89% of our consolidated operating revenue, business unit operating income and business unit adjusted EBITDAR, respectively, from operations outside of the U.S. in fiscal year 2015. Adjusted EBITDAR is calculated by taking our net income and adjusting for interest expense, depreciation and amortization, rent expense (included as components of direct cost and general and administrative expense), provision for income taxes, gain (loss) on disposal of assets and any special items during the reported periods.

We conduct our business in one segment: Helicopter Services. The Helicopter Services segment operations have been historically conducted primarily through five business units:

- Europe,
- West Africa,
- North America,
- Australia, and
- Other International.

Effective April 1, 2015, we reorganized our global operations. See “— Business Unit Operations — *Changes to Business Units*” below for additional details on the changes to our business units.

We primarily provide helicopter services to a broad base of major integrated, national and independent offshore energy companies. Our clients charter our helicopters primarily to transport personnel between onshore bases and offshore production platforms, drilling rigs and other installations. To a lesser extent, our clients also charter our helicopters to transport time-sensitive equipment to these offshore locations. These clients’ operating expenditures in the production sector are the principal source of our revenue, while their exploration and development capital expenditures provide a lesser portion of our revenue. The clients for SAR services include both the oil and gas industry, where our revenue is primarily dependent on our clients’ operating expenditures, and governmental agencies, where our revenue is dependent on a country’s desire to privatize SAR and enter into long-term contracts.

Helicopters are generally classified as small (four to eight passenger capacity), medium (12 to 16 passenger capacity) and large (18 to 25 passenger capacity), each of which serves a different transportation need of the offshore energy industry. Medium and large helicopters, which can fly in a wider variety of operating conditions, over longer distances, at higher speeds and carry larger payloads than small helicopters, are most commonly used for crew changes on large offshore production facilities and drilling rigs. With these enhanced capabilities, medium and large helicopters have historically been preferred in international markets, where the offshore facilities tend to be larger, the drilling locations tend to be more remote and the onshore infrastructure tends to be more limited. Additionally, local governmental regulations in certain international markets require us to operate twin-engine medium and large aircraft in those markets. Global demand for medium and large helicopters is driven by drilling, development and production activity levels in deepwater locations throughout the world, as the medium and large aircraft are able to travel to these deepwater locations. Small helicopters are generally used for shorter routes and to reach production facilities that cannot accommodate medium and large helicopters. Our small helicopters operate primarily over the shallow waters offshore the U.S. Gulf of Mexico and Nigeria. Worldwide there are approximately 7,950 production platforms and 860 offshore rigs. We

are able to deploy our aircraft to the regions with the greatest demand, subject to the satisfaction of local governmental regulations. SAR operations utilize medium and large aircraft that are specially configured to conduct these types of operations in environments around the world. The commercial aircraft in our consolidated fleet are our primary source of revenue. To normalize the consolidated operating revenue of our fleet for the different revenue productivity and cost of our commercial aircraft, we developed a common weighted factor that combines large, medium and small aircraft into a combined standardized number of revenue producing commercial aircraft assets. We call this measure Large AirCraft Equivalent (“LACE”). Our commercial large, medium and small aircraft, including owned and leased, are weighted as 100%, 50%, and 25%, respectively, to arrive at a single LACE number, which excludes Bristow Academy aircraft, fixed wing aircraft, unconsolidated affiliate aircraft, aircraft held for sale and aircraft construction in process. We divide our operating revenue from commercial contracts relating to these aircraft, which excludes operating revenue from affiliates and reimbursable revenue, by LACE to develop a LACE rate, which is a standardized rate.

There are also additional markets for helicopter services beyond the offshore energy industry and SAR, including agricultural support, air medical, tourism, firefighting, corporate transportation, traffic monitoring, police and military. The existence of these alternative markets enables us to better manage our helicopter fleet by providing potential purchasers for older aircraft and for our excess aircraft during times of reduced demand in the offshore energy industry. As part of an ongoing process to rationalize and simplify our global fleet of helicopters, during fiscal year 2014 we implemented a plan to reduce the number of aircraft types in our fleet to eight model types in approximately five years and six model types in approximately ten years. During fiscal year 2014, we completed our exit from five model types and in fiscal year 2015 we completed our exit from four model types. As we modernize our fleet, the introduction of new technology aircraft types temporarily slows fleet type reduction. We have recently added two new fleet types, the AgustaWestland AW189 large aircraft and Sikorsky S-76D medium aircraft. This is the first time in six years that we have introduced a new aircraft type into our fleet. These aircraft and other new technology models will comprise our target service offering as we reduce the overall number of aircraft in our fleet in the upcoming years.

We position our business to be the preferred provider of helicopter services by maintaining strong relationships with our clients and providing safe and high-quality service. In order to create further differentiation and add value to our clients, we focus on enhancing our value to our clients through the initiatives of “Target Zero Accidents”, “Target Zero Downtime” and “Target Zero Complaints” as we strive for “Operational Excellence” and deliver “Operational Transformation”. We maintain close relationships with our clients’ field operations, corporate management and contacts at governmental agencies which we believe help us better anticipate client needs and provide our clients with the right aircraft in the right place at the right time, which in turn allows us to better manage our fleet utilization and capital investment program. By better understanding and delivering on our clients’ needs with our global operations and safety standards, we believe we effectively compete against other helicopter service providers based on aircraft availability, client service, safety and reliability, and not just price. We also leverage our close relationships with our industry peers to establish mutually beneficial operating practices and safety standards industry-wide. In October 2014, five major helicopter operators, including us, formally launched HeliOffshore. HeliOffshore intends to use cross-industry cooperation as a platform for enhancing the offshore helicopter industry’s overall strong safety records, sharing best practices, developing and applying advanced technology and encouraging common global flight standards.

In addition to our primary Helicopter Services operations, we also operate a training business unit, Bristow Academy, and provide technical services to clients in the U.S. and U.K. See “— Bristow Academy” and “— Technical Services” below for further discussion of these operations. Additionally, over the past two years we have invested in fixed-wing operators in the U.K. and Australia to create a more integrated logistics solution for our global clients.

Most countries in which we operate limit foreign ownership of aviation companies. To comply with these regulations and at the same time expand internationally, we have formed or acquired interests in a number of foreign helicopter operators. These investments typically combine a local ownership interest with our experience in providing helicopter services to the offshore energy industry. These arrangements have allowed us to expand operations while diversifying the risks and reducing the capital outlays associated with independent expansion. We lease some of our aircraft to a number of unconsolidated affiliates, which in turn provide helicopter services to clients locally.

In fiscal year 2013, Bristow Helicopters was awarded a contract with the U.K. Department for Transport (“DfT”) to provide SAR services for all of the U.K. (the “U.K. SAR contract”). The U.K. SAR contract has a phased-in transition period that began in April 2015 and continues to July 2017 and a contract length of approximately ten years. Under the terms of this contract, Bristow Helicopters has agreed to provide helicopters that will be located at ten bases across the U.K. with two aircraft operating at each base. In addition to the ten bases with 20 aircraft, the contract provides for two fully SAR-equipped training aircraft that can be deployed to any base as needed.

The SAR market is continuing to evolve and we believe further outsourcing of public SAR services to the private sector will continue, although the timing of these opportunities is uncertain. The clients for our SAR services include both the oil and gas industry, where our revenue is primarily dependent upon the client's operating expenditures, and governmental agencies, where our revenue is dependent upon the country's desire to privatize SAR and enter into long-term contracts. Public SAR services include previously awarded work involving seven aircraft for the U.K. Gap SAR, five aircraft in Ireland, two aircraft in the Dutch Antilles, 18 additional aircraft for the U.K. SAR contract and four aircraft for the Falklands. We are also pursuing other public and oil and gas SAR opportunities for multiple aircraft in various areas including Australia, Brazil, Canada, Greenland, the Mediterranean, Nigeria, Norway and Trinidad, and other countries that have indicated an interest in outsourcing SAR services.

Since the beginning of fiscal year 2011, we have made strategic investments and acquisitions including investment in new generations of aircraft that are in demand by our clients, and expanded or increased investments in new markets and industries. These investments have included investments by consolidated affiliates in fixed-wing operators: Capiteq Limited, operating under the name of Airnorth, in Australia and Eastern Airways International Limited ("Eastern Airways") in the U.K., both of which are being consolidated in our financial statements, and equity method investments in Cougar Helicopters Inc. ("Cougar") in Canada and Líder Táxi Aéreo S.A. ("Líder") in Brazil.

Also since the beginning of fiscal year 2011, we have raised \$1.0 billion of capital in a mix of debt and equity with both public and private financings, generated gross proceeds of \$116.4 million through the divestiture of non-core businesses (including the sale of our 50% interest in each of FBS Limited, FB Heliservices Limited and FB Leasing Limited, collectively referred to as the FB Entities, in fiscal year 2014 and the sale of Helideck Certification Agency ("HCA") in fiscal year 2015), generated proceeds of approximately \$230 million through the sale of other aircraft and equipment to the helicopter aftermarket and received \$1.1 billion from the sale and leaseback of 48 aircraft in fiscal years 2012 through 2015. Concurrently, we have invested approximately \$2.3 billion in capital expenditures to grow our business.

While we plan to continue to be disciplined concerning future capital commitments, we also intend to continue managing our capital structure and liquidity position with external financings as needed. Our strategy will involve funding our short-term liquidity requirements with borrowings under our amended and restated revolving credit and term loan agreement ("Amended and Restated Credit Agreement"), which consists of a \$400 million revolving credit facility ("Revolving Credit Facility") and a \$350 million term loan ("Term Loan") (together referred to as our "Credit Facilities"), and funding our long-term financing needs, while maintaining a prudent capital structure, among the following alternatives: operating leases, bank debt or private and public debt and equity offerings.

Not only have we invested in the Company, we are also committed to returning capital to investors. Since fiscal year 2012, we have repurchased \$184.8 million of shares through our share repurchase program and paid \$131.7 million in dividends to deliver a more balanced return to our shareholders. See Item 7. "Management's Discussion and Analysis of Financial Condition — Our Strategy — Capital Allocation Strategy" included elsewhere in this Annual Report for additional details on our dividends and share buyback program.

Our capital commitments in future periods related to fleet renewal are discussed under Item 7. "Management's Discussion and Analysis of Financial Condition — Liquidity and Capital Resources — Future Cash Requirements" included elsewhere in this Annual Report and are detailed in the table provided in that section.

Consistent with our growth strategy, we regularly engage in discussions with potential sellers and strategic partners regarding the possible purchase of assets, pursuit of joint ventures or other expansion opportunities that increase our position in existing markets or facilitate expansion into new markets. These potential expansion opportunities consist of both smaller transactions as well as larger transactions that could have a material impact on our financial position, cash flow and results of operations. We cannot predict the likelihood of completing, or the timing of, any such transactions.

As of March 31, 2015, the aircraft in our fleet, the aircraft which we expect to take delivery of in the future and the aircraft which we have the option to acquire were as follows:

Type	Number of Aircraft					Unconsolidated Affiliates <sup>(3)</sup>	Maximum Passenger Capacity
	Consolidated Affiliates						
	Operating Aircraft		Aircraft Held For Sale	On Order <sup>(1)</sup>	Under Option <sup>(2)</sup>		
Owned Aircraft	Leased Aircraft						
<b>Large Helicopters:</b>							
AS332L Super Puma .....	4	—	—	—	—	—	18
AW189.....	4	—	—	13	3	—	16
H175 .....	—	—	—	17	—	—	16
H225 .....	15	11	—	1	5	—	19
Mil Mi-8.....	7	—	—	—	—	—	20
Sikorsky S-61N.....	—	—	2	—	—	—	25
Sikorsky S-92A.....	30	39	—	6	8	9	19
	<u>60</u>	<u>50</u>	<u>2</u>	<u>37</u>	<u>16</u>	<u>9</u>	
<b>Medium Helicopters:</b>							
AW139.....	15	11	—	1	1	2	12
Bell 212.....	—	—	—	—	—	14	12
Bell 412.....	14	—	7	—	—	19	13
H155 .....	1	—	—	—	—	—	13
Sikorsky S-76A.....	—	—	—	—	—	5	12
Sikorsky S-76 C/C++.....	41	10	—	—	—	34	12
Sikorsky S-76D <sup>(4)</sup> .....	—	—	3	7	13	—	12
	<u>71</u>	<u>21</u>	<u>10</u>	<u>8</u>	<u>14</u>	<u>74</u>	
<b>Small Helicopters:</b>							
AW109.....	—	—	—	—	—	1	6
AS350BB.....	—	—	—	—	—	2	4
Bell 206B.....	—	1	—	—	—	2	4
Bell 206L Series.....	5	—	—	—	—	6	6
Bell 407.....	32	—	—	—	—	—	6
BK-117.....	—	2	—	—	—	—	7
H135 .....	—	—	—	—	—	3	6
	<u>37</u>	<u>3</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>14</u>	
<b>Training Aircraft:</b>							
AW109.....	—	2	—	—	—	—	4
AS355 .....	—	2	—	—	—	—	5
Bell 206B.....	1	11	—	—	—	—	4
Robinson R22 .....	—	6	—	—	—	—	2
Robinson R44 .....	—	7	—	—	—	—	4
Sikorsky S-300CBi.....	41	—	—	—	—	—	2
Fixed wing .....	1	—	—	—	—	—	
	<u>43</u>	<u>28</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	
Fixed wing <sup>(5)</sup> .....	<u>29</u>	<u>17</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>33</u>	
Total.....	<u>240</u>	<u>119</u>	<u>12</u>	<u>45</u>	<u>30</u>	<u>130</u>	

<sup>(1)</sup> Signed client contracts are currently in place that will utilize 13 of these aircraft. Seventeen aircraft on order expected to enter service between fiscal years 2017 and 2020 are subject to the successful development and certification of the aircraft. For additional information, see Item 7. “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Liquidity — Future Capital Requirements” included elsewhere in this Annual Report.

- (2) Represents aircraft which we have the option to acquire. If the options are exercised, the agreements provide that aircraft would be delivered over fiscal years 2016 through 2018. For additional information, see Item 7. “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Liquidity — Future Capital Requirements” included elsewhere in this Annual Report.
- (3) Includes 59 helicopters (primarily medium) and 26 fixed wing aircraft owned and managed by Líder, our unconsolidated affiliate in Brazil.
- (4) We entered into an agreement in April 2015 to sell these three owned prototype aircraft and purchase fully developed/non-prototype aircraft.
- (5) In February 2014, Bristow Helicopters acquired a 60% interest in Eastern Airways. Eastern Airways operates a total of 30 fixed wing aircraft which are included in our Europe business unit. Additionally, in January 2015, Bristow Helicopters Australia acquired an 85% interest in Airnorth. Airnorth operates a total of 13 fixed wing aircraft, which are included in our Australia business unit.

The following table presents the distribution of our operating revenue for fiscal year 2015 and aircraft as of March 31, 2015 among our business units.

	Operating Revenue for Fiscal Year 2015	Aircraft in Consolidated Fleet <sup>(1)(2)</sup>							Unconsolidated Affiliates <sup>(3)</sup>	Total
		Helicopters						Fixed Wing		
		Small	Medium	Large	Training	Total				
Europe.....	45%	—	12	67	—	30	109	—	109	
West Africa.....	18%	9	30	4	—	3	46	—	46	
North America.....	14%	29	23	16	—	—	68	—	68	
Australia.....	12%	2	8	17	—	13	40	—	40	
Other International.....	8%	—	29	8	—	—	37	130	167	
Corporate and other.....	3%	—	—	—	71	—	71	—	71	
Total.....	100%	40	102	112	71	46	371	130	501	

- (1) Includes 12 aircraft held for sale and 119 leased aircraft as follows:

	Held for Sale Aircraft in Consolidated Fleet						
	Helicopters					Fixed Wing	Total
	Small	Medium	Large	Training	Total		
Europe.....	—	—	2	—	—	2	
West Africa.....	—	3	—	—	—	3	
North America.....	—	3	—	—	—	3	
Australia.....	—	—	—	—	—	—	
Other International.....	—	4	—	—	—	4	
Corporate and other.....	—	—	—	—	—	—	
Total.....	—	10	2	—	—	12	

	Leased Aircraft in Consolidated Fleet						
	Helicopters					Fixed Wing	Total
	Small	Medium	Large	Training	Total		
Europe.....	—	5	36	—	13	54	
West Africa.....	—	1	1	—	—	2	
North America.....	1	13	5	—	—	19	
Australia.....	2	2	8	—	4	16	
Other International.....	—	—	—	—	—	—	
Corporate and other.....	—	—	—	28	—	28	
Total.....	3	21	50	28	17	119	

- (2) The average age of our fleet, excluding fixed wing and training aircraft, was nine years as of March 31, 2015.
- (3) The 130 aircraft operated by our unconsolidated affiliates do not include those aircraft leased from us.

Our historical LACE and LACE rate is as follows:

	Fiscal Year Ended March 31,				
	2015	2014	2013	2012	2011
LACE .....	166	158	158	149	153
LACE Rate (in millions) .....	\$ 9.21	\$ 9.34	\$ 8.35	\$ 7.89	\$ 7.15

The following table presents the distribution of LACE aircraft owned and leased, and the percentage of LACE leased as of March 31, 2015. The percentage of LACE leased is calculated by taking the total LACE for leased aircraft divided by the total LACE for all aircraft we operate, including both owned and leased aircraft.

	LACE		Percentage of LACE Leased
	Owned Aircraft	Leased Aircraft	
Europe.....	33	39	54%
West Africa.....	18	2	8%
North America.....	22	12	35%
Australia.....	12	10	44%
Other International.....	21	—	—%
Total.....	105	61	37%

## Business Unit Operations

### *Europe*

We operated our Europe business unit from seven bases in the U.K. and four bases in Norway. Our Europe operations are managed from our facilities in Aberdeen, Scotland. Based on the number of aircraft operating, we are one of the largest providers of helicopter services in the North Sea, where there are harsh weather conditions and geographically concentrated offshore facilities. The offshore facilities in the Northern North Sea and Norwegian North Sea are large and require frequent crew change flight services. In the Southern North Sea, the facilities are generally smaller with some unmanned platforms requiring shuttle operations to up-man in the morning and down-man in the evening. We deploy the majority of the large aircraft in our consolidated fleet in Europe. Our clients in this business unit are primarily major integrated and independent offshore energy companies. We provide commercial SAR services for a number of oil and gas companies operating in the Norwegian sector of the North Sea. We also provide SAR services for North Scotland using four Sikorsky S-92 helicopters based in the Scottish locations of Stornoway and Sumburgh. In fiscal year 2013, Bristow Helicopters was awarded the U.K. SAR contract to provide SAR services for all of the U.K. The U.K. SAR contract has a phased-in transition period that began in April 2015 and continues to July 2017. Our Europe operations are subject to seasonality as drilling activity is lower during the winter months due to harsh weather and shorter days.

Bristow Helicopters owns a 60% interest in Eastern Airways, a regional fixed wing operator based in the U.K. Eastern Airways has 730 employees and its operations focus on providing scheduled and charter services targeting U.K. oil and gas transport. Eastern Airways operates 30 fixed wing aircraft. We believe our investment in Eastern Airways strengthens our ability to provide a complete suite of point to point transportation services for existing European based passengers, expand helicopter services in certain areas like the Shetland Islands and create a more integrated logistics solution for global clients.



## ***West Africa***

As of March 31, 2015, all of the aircraft in our West Africa business unit operated in Nigeria, where we are the largest provider of helicopter services to the offshore energy industry. We deploy a combination of small, medium and large aircraft in Nigeria and service a client base comprised mostly of major integrated offshore energy companies. We have six operational bases, with the largest bases located in Escravos, Lagos, Port Harcourt and Eket. The marketplace for our services had historically been concentrated predominantly in the oil rich swamp and shallow waters of the Niger Delta area. More recently we have been undertaking work further offshore in support of deepwater exploration. Operations in West Africa are subject to seasonality as the Harmattan, a dry and dusty trade wind, blows between the end of November and the middle of March. At times when the heavy amount of dust in the air severely limits visibility, our aircraft are unable to operate.

## ***North America***

We operated our North America business unit from six operating facilities in the U.S. Gulf of Mexico. We are one of the largest suppliers of helicopter services in the U.S. Gulf of Mexico. Our clients in this business unit are mostly independent and major integrated offshore energy companies. The U.S. Gulf of Mexico is a major offshore energy producing region with approximately 2,600 production platforms and 110 drilling rigs. The shallow water platforms are typically unmanned and are serviced by small aircraft. The deepwater platforms are serviced by medium and large aircraft. Among our strengths in this region, in addition to our operating facilities, are our advanced flight-following systems and our widespread and strategically located offshore fuel stations. Operations in the U.S. Gulf of Mexico are subject to seasonality as the months of December through March typically have more days of harsh weather conditions than the other months of the year. Additionally, during the months of June through November, tropical storms and hurricanes may reduce activity as we are unable to operate in the area of the storm.

We own a 40% economic interest in Cougar, the largest offshore energy and SAR helicopter service provider in Atlantic Canada. Cougar has approximately 280 employees and its operations are primarily focused on serving the offshore oil and gas industry off Canada's Atlantic coast. We leased nine large helicopters and three shore-based facilities to Cougar as of March 31, 2015, including state-of-the-art helicopter passenger, maintenance and SAR facilities located in Newfoundland and Labrador.

## ***Australia***

We are the largest provider of helicopter services to the offshore energy industry in Australia, where we have five bases located in Western Australia, three in Victoria, one in Northern Territory and one in Queensland. These operations are managed from our Australian head office facility in Perth, Western Australia. Our operating bases are located in the vicinity of the major offshore energy exploration and production fields in the North West Shelf, Browse and Carnarvon basins of Western Australia and the Bass Straits in Victoria, where our fleet provides helicopter services solely to offshore energy operators. We also provide airport management services on Barrow Island in Western Australia. Our clients in Australia are primarily major integrated offshore energy companies. We provide SAR and medical evacuation services to the oil and gas industry in Australia and engineering support to the Republic of Singapore Air Force's (the "RSAF") fleet of helicopters at their base in Oakey, Queensland. The RSAF contract has been re-awarded to Bristow Australia following a competitive tender for five additional years with a five-year option. In early fiscal year 2015 we announced that we had won a contract in Australia for three large aircraft operating over 24 months beginning January 2016 operated out of Ceduna in South Australia.

Bristow Helicopters Australia owns an 85% interest in Airnorth, a regional fixed wing operator based in Darwin, North Territory, Australia. Airnorth has 250 employees and its operations focus on providing both charter and scheduled services targeting the energy and mining industries in Northern and Western Australia as well as international services to Dili, Timor-Leste. Airnorth operates 13 fixed wing aircraft. We believe this investment strengthens our ability to provide point to point transportation services for existing Australian based passengers, expand helicopter services in certain areas in Southeast Asian markets and create a more integrated logistics solution for global clients.

## ***Other International***

As of March 31, 2015, we conducted our Other International business unit operations in Brazil, Egypt, Malaysia, Russia, Tanzania, Trinidad, and Turkmenistan, and we and our unconsolidated affiliates operated a mixture of small, medium, and large aircraft in these markets. While we have a diverse client base in this business unit, a large majority of revenue is generated from monthly fixed charges for long term exploration or production related work. The following is a description of operations in our Other International business unit as of March 31, 2015.

- Brazil – We own a 41.9% economic interest in Líder, the largest provider of helicopter and corporate aviation services in Brazil. Líder has five primary operating units: helicopter service, maintenance, chartering, ground handling and aircraft sales, and provides commercial SAR and medical evacuation services to the oil and gas industry. Líder’s fleet includes 59 rotor wing and 26 fixed wing aircraft (including owned and managed aircraft). Líder’s management has introduced large helicopters into their operational portfolio allowing them to gain competence and positioning them for the anticipated growth associated with Brazil’s pre-salt fields. Líder also has a vast network of over 20 bases distributed strategically in Brazil including locations in Macae, Rio de Janeiro, Sao Tome, Urucu and Vitória. We currently lease seven medium and one large aircraft to Líder.
- Egypt – We own a 25% interest in Petroleum Air Services (“PAS”), an Egyptian corporation which provides helicopter and fixed wing transportation to the offshore energy industry. Additionally, spare fixed wing capacity is chartered to tourism operators. PAS operates 38 helicopters and seven fixed wing aircraft from multiple locations. The remaining 75% interest in PAS is owned by the Egyptian General Petroleum Corporation.
- Malaysia – We provide technical support to an alliance partner operating medium and large helicopters in support of domestic offshore energy companies.
- Russia – We operate seven large aircraft from three locations on Sakhalin Island, where we provide helicopter services to international and domestic offshore energy companies and operate a local SAR service.
- Tanzania – We lease three medium aircraft, including two oil and gas and one limited SAR aircraft, to an alliance partner in Tanzania which operates out of Julius Nyerere International Airport, Dar es Salaam.
- Trinidad – We operate 11 medium aircraft that are used to service our clients who are primarily engaged in offshore energy activities. We operate from a base located at Trinidad’s Piarco International Airport. Also, we provide certain engineering, training and operational support services to the Trinidad and Tobago Air Guard.
- Turkmenistan – We operate one medium aircraft through our 51% interest in Turkmenistan Helicopters Limited, a Turkmenistan corporation that provides helicopter services to an international offshore energy company from a single location.

## ***Bristow Academy***

Bristow Academy is a leading provider of helicopter training services with over 25 years of operating history and training facilities in Titusville, Florida; New Iberia, Louisiana; Carson City, Nevada, and Gloucestershire, England. Bristow Academy trains students from around the world to become helicopter pilots and is approved to provide helicopter flight training at the commercial pilot and flight instructor level by both the U.S. Federal Aviation Administration (the “FAA”) and the European Aviation Safety Authority (the “EASA”). Bristow Academy operates 71 aircraft (including 43 owned, 28 leased aircraft) and employs approximately 180 people, including approximately 45 primary flight instructors. A significant part of Bristow Academy’s operations include military training, which generated approximately 44% of Bristow Academy’s operating revenue for fiscal year 2015.

## ***Technical Services***

The technical services portion of our business provides helicopter repair services and production support from facilities located in New Iberia, Louisiana; Redhill, England and Aberdeen, Scotland. While most of this work is performed on our own aircraft, some of these services are performed for third parties.

For additional information about our business units, see Note 11 in the “Notes to Consolidated Financial Statements” included elsewhere in this Annual Report. For a description of certain risks affecting our business and operations, see Item 1A. “Risk Factors” included elsewhere in this Annual Report.

## Changes to Business Units

Effective April 1, 2015, we reorganized our global operations from five business units to four regions as follows: Africa, Americas, Asia Pacific and Europe Caspian. The goal of these changes is to streamline and standardize our business, simplify our operating model, reduce costs and support consistent and faster response to clients globally. We believe the new structure will allow us to respond to market opportunities faster and execute our growth strategy more efficiently.

The Africa region will comprise all our operations and affiliates on the African continent, including Nigeria, Tanzania and Egypt.

The Americas region will comprise all our operations and affiliates in North America and South America, including Brazil, Canada, Trinidad and the U.S. Gulf of Mexico.

The Asia Pacific region will comprise all our operations and affiliates in Australia and Southeast Asia, including Malaysia and Sakhalin.

The Europe Caspian region will comprise all our operations and affiliates in Europe and Central Asia, including Norway, the U.K. and Turkmenistan.

We will present our historical business unit operating results based on the new region structure beginning with our Quarterly Report for the quarter ending June 30, 2015.

## Clients and Contracts

The principal clients for our helicopter services are major integrated, national and independent offshore energy companies. The following table presents our top ten clients in fiscal year 2015 and their percentage contribution to our consolidated gross revenue during fiscal years 2015, 2014 and 2013 and includes any clients accounting for 10% or more of our consolidated gross revenue during such fiscal years.

Client Name	Fiscal Year Ended March 31,		
	2015	2014	2013
Chevron .....	11.7%	13.2%	13.1%
ConocoPhillips .....	9.3%	8.8%	7.2%
IAC <sup>(1)</sup> .....	7.7%	7.9%	8.3%
BP .....	7.7%	6.5%	8.1%
Statoil.....	4.7%	5.9%	5.6%
Talisman Energy.....	4.1%	5.6%	3.6%
Exxon Mobil.....	3.6%	3.3%	3.3%
ENI .....	3.4%	3.7%	4.3%
Cougar <sup>(2)</sup> .....	3.3%	3.8%	2.0%
U.K. Department for Transport .....	2.6%	2.3%	—%
	<u>58.1%</u>	<u>61.0%</u>	<u>55.5%</u>

<sup>(1)</sup> IAC is the Integrated Aviation Consortium in the U.K. North Sea and comprises six major oil companies: BP, CNR International, Fairfield Energy, Petrofac, Shell and TAQA.

<sup>(2)</sup> As discussed above, we own a 40% economic interest in Cougar.

Our helicopter contracts are generally based on a two-tier rate structure consisting of a daily or monthly fixed fee plus additional fees for each hour flown. For example, in the Europe business unit, the monthly standing charges generally average approximately 70% of revenue while variable charges generally average approximately 30% of revenue. We also provide services to clients on an “ad hoc” basis, which usually entails a shorter notice period and shorter contract duration. Our charges for ad hoc services are generally based on an hourly rate, or a daily or monthly fixed fee plus additional fees for each hour flown. Generally, our ad hoc services have a higher margin than our other helicopter contracts due to supply and demand dynamics.

Generally, our helicopter contracts are cancelable by the client with a notice period ranging from 30 to 180 days and in some cases up to one year. In the North America business unit, we generally enter into short-term contracts for twelve months or less. Outside of North America, contracts are typically between two and five years in term. These long term contracts generally include escalation provisions allowing annual rate increases, which may be based on a fixed dollar or percentage increase, an increase in an agreed index or our actual substantiated increased costs, which we negotiate to pass along to clients. Cost reimbursements from

clients are recorded as reimbursable revenue with the related reimbursed cost recorded as reimbursable expense in our consolidated statements of income.

Generally, SAR services contracts include a monthly standing charge, which averages approximately 85% of the total contract revenue, and a monthly variable charge that covers flying, fuel and ancillary items, which averages approximately 15% of the total contract revenue. See further details on the U.K. SAR contract in “— *Overview*.”

## **Competition**

The helicopter transportation business is highly competitive throughout the world. We compete directly against multiple providers in almost all of our operating regions. We have several significant competitors in the North Sea, Nigeria, the U.S. Gulf of Mexico and Australia, and a number of smaller local competitors in other markets. In Nigeria, we have seen a recent increase in competitive pressure and new regulation that could impact our ability to win future work. Despite the new competition in Nigeria, we believe that it is difficult for additional significant competitors to enter our industry because it requires considerable capital investment, working capital, a complex system of onshore and offshore bases, personnel and operating experience. However, these requirements can be overcome with the appropriate level of client support and commitment. In addition, while not the predominant practice, certain of our clients and potential clients in the offshore energy industry perform their own helicopter services on a limited basis.

In most situations, clients charter aircraft on the basis of competitive bidding. On limited occasions, our clients renew or extend existing contracts without employing a competitive bid process. Contracts are generally awarded based on a number of factors, including price, quality of service, operational experience, record of safety, quality and type of equipment, client relationship and professional reputation. Incumbent operators typically have a competitive advantage in the bidding process based on their relationship with the client, knowledge of the site characteristics and existing facilities to support the operations. Because certain of our clients in the offshore energy industry have the capability to perform their own helicopter services, our ability to increase charter rates may be limited under certain circumstances.

## **Code of Business Integrity**

We have adopted a Code of Business Integrity (our “Code”) that applies to Bristow Group Inc. and all of its subsidiaries, affiliates and controlled joint ventures, including all directors, officers (including our principal executive officer, principal financial officer and principal accounting officer) and employees thereof. Our Code covers topics including, but not limited to, anti-corruption, conflicts of interest, insider trading, competition and fair dealing, discrimination and harassment, confidentiality, compliance procedures and employee complaint procedures. Our Code is posted on our website, <http://www.bristowgroup.com>, under the “About Us” and “Vision, Mission, Values” caption. We will disclose any amendment to the Code or waiver with respect to our senior officers on our website or, alternatively, through the filing of a Form 8-K.

## **Safety, Industry Hazards and Insurance**

Hazards such as severe weather and mechanical failures are inherent in the transportation industry and may result in the loss of equipment and revenue. It is possible that personal injuries and fatalities may occur. We believe our air accident rate per 100,000 flight hours, which has historically been more than ten times lower than the reported global offshore energy production helicopter average data, indicates that we have consistently performed better than the industry average with respect to safety. In fiscal year 2013, an aircraft operated by one of our U.S. subsidiaries was involved in an accident in which the pilot was fatally injured. There were no passengers on board. During fiscal years 2015 and 2014, we had no accidents that resulted in fatalities.

Our well established global safety program called “Target Zero” focuses on improved safety performance. Our safety vision is to have zero accidents, zero harm to people, and zero harm to the environment. The key components to achieving this are to improve safety culture and individual behaviors, increase the level of safety reporting by the frontline employees, increase accountability for addressing identified hazards by the operational managers and provide for independent oversight of the operational safety programs. See discussion of Target Zero in “— *Overview*.”

We maintain hull and liability insurance which generally insures us against damage to our aircraft and the related liabilities which may be incurred as a result. We also carry insurance for war risk, expropriation and confiscation of the aircraft we use in certain of our international operations. Further, we carry various other liability and property insurance, including workers’ compensation, general liability, employers’ liability, auto liability, and property and casualty coverage. We believe that our insurance program is adequate to cover any claims ultimately incurred related to property damage and liability events.

## Employees

As of March 31, 2015, we employed 5,232 employees. Many of our employees are represented under collective bargaining agreements. Periodically, certain groups of our employees who are not covered by a collective bargaining agreement consider entering into such an agreement. We believe that our relations with our employees are generally satisfactory.

The following table sets forth our main employee groups and status of the collective bargaining agreements:

Employee Group	Representatives	Status of Agreement	Approximate Number of Employees Covered by Agreement as of March 31, 2015
U.K. Pilots	British Airline Pilots Association (“BALPA”)	Agreement expires in March 2017.	280
U.K. Engineers and Staff	Unite	Agreement expires in March 2017.	520
Bristow Norway Pilots	Norsk Flygerforbund (“NALPA”); new union (“PARAT”) effective April 1, 2010	Agreement expired in March 2015. Currently in negotiations.	150
Bristow Norway Engineers	Norsk Helikopteransattes Forbund (“NU of HE”)/BNTF	Local agreement expired in September 2014 and national agreement expired in March 2014. Local and national negotiations are currently ongoing.	110
Nigeria Junior and Senior Staff	National Union of Air Transport Employees; Air Transport Services Senior Staff Association of Nigeria	Agreements expired in April 2011. Currently in negotiations.	60
Nigeria Pilots and Engineers	Nigerian Association of Airline Pilots and Engineers	We recognize this union for representation purposes, but there is no formal commitment to negotiate remuneration.	170
North America Pilots	Office and Professional Employees International Union (“OPEIU”)	Amendable March 26, 2015. Negotiations currently ongoing.	190
Gulf of Mexico Mechanics	OPEIU	Agreement expires in April 2017.	230
Australia Pilots	Australian Federation of Air Pilots	Agreement expires in December 2015.	130
Australia Engineers and BDI Tradesmen and Staff	Australian Licensed Aircraft Engineers Association (“ALAEA”), Australian Manufacturing Union (“AMWU”) and elected employee representatives	Agreement for BDI tradesmen and staff expires in March 2017. Agreement for Australia engineers expired March 2015. Currently in negotiations.	210
Trinidad Mechanics	Fitters/Handlers	Agreements expire in May and June 2016.	60
Airmorth Pilots	Aircrew Logistics Pilots Group	Agreement expires in June 2015.	60
Airmorth Engineers	Aircraft Logistics Engineers Group	Agreement expires in June 2015.	40
Barrow Island Aerodome Staff	Transport Workers Union	Agreements expire in May 2015. Currently in negotiations.	40

Líder, our unconsolidated affiliate in Brazil, employs approximately 1,920 employees and Cougar, our unconsolidated affiliate in Canada, employs approximately 280 employees.

## **Governmental Regulation**

### ***United States***

As a commercial operator of aircraft, our U.S. operations are subject to regulations under the Federal Aviation Act of 1958, as amended, and other laws. We carry persons and property in our helicopters under an Air Taxi Certificate granted by the FAA. The FAA regulates our U.S. flight operations and, in this respect, exercises jurisdiction over personnel, aircraft, ground facilities and certain technical aspects of our operations. The National Transportation Safety Board is authorized to investigate aircraft accidents and to recommend improved safety standards. Our U.S. operations are also subject to the Federal Communications Act of 1934 because we use radio facilities in our operations.

Under the Federal Aviation Act, it is unlawful to operate certain aircraft for hire within the U.S. unless such aircraft are registered with the FAA and the FAA has issued an operating certificate to the operator. As a general rule, aircraft may be registered under the Federal Aviation Act only if the aircraft are owned or controlled by one or more citizens of the U.S. and an operating certificate may be granted only to a citizen of the U.S. For purposes of these requirements, a corporation is deemed to be a citizen of the U.S. only if at least 75% of its voting interests are owned or controlled by U.S. citizens, the president of the company is a U.S. citizen, two-thirds or more of the directors are U.S. citizens and the company is under the actual control of U.S. citizens. If persons other than U.S. citizens should come to own or control more than 25% of our voting interest or if any of the other requirements are not met, we have been advised that our aircraft may be subject to deregistration under the Federal Aviation Act, and we may lose our ability to operate within the U.S. Deregistration of our aircraft for any reason, including foreign ownership in excess of permitted levels, would have a material adverse effect on our ability to conduct certain operations within our North America and Bristow Academy business units. Therefore, our organizational documents currently provide for the automatic suspension of voting rights of shares of our outstanding voting capital stock owned or controlled by non-U.S. citizens, and our right to redeem those shares, to the extent necessary to comply with these requirements. As of March 31, 2015, approximately 2,752,000 shares of our common stock, par value \$.01 per share (“Common Stock”), were held of record by persons with foreign addresses. These shares represented approximately 8% of our total outstanding Common Stock as of March 31, 2015. Our foreign ownership may fluctuate on each trading day because our Common Stock and our 3% convertible Senior Notes due 2038 (“3% Convertible Senior Notes”) are publicly traded.

Also, we are subject to the U.S. Foreign Corrupt Practices Act of 1977 (the “FCPA”), which generally prohibits us and our intermediaries from making corrupt payments to foreign officials for the purpose of obtaining or keeping business.

Additionally, we are subject to the International Traffic in Arms Regulations (“ITAR”) that control the export and import of defense-related articles, services and technical data. ITAR dictates that information and material pertaining to defense and military related technologies may only be shared with U.S. persons or organizations unless authorization from the U.S. State Department is received or a special exemption is used. We are also subject to the Export Administration Regulations (“EAR”) that control the export of commercial and “dual use” goods. U.S. persons or organizations may incur heavy fines if they violate ITAR or the EAR.

### ***United Kingdom***

Our operations in the U.K. are subject to the Civil Aviation Act 1982 and other similar English and European Union statutes and regulations. We carry persons and property in our aircraft pursuant to an operating license issued by the CAA. The holder of an operating license must meet the ownership and control requirements of Council Regulation 2407/92. To operate under this license, the company through which we conduct operations in the U.K., Bristow Helicopters, must be owned directly or through majority ownership by European Union nationals, and must at all times be effectively controlled by them. To comply with these restrictions, we own only 49% of the ordinary shares of Bristow Aviation, the entity that owns Bristow Helicopters. In addition, we have a put/call agreement with the other two stockholders of Bristow Aviation which grants us the right to buy all of their Bristow Aviation ordinary shares (and grants them the right to require us to buy all of their shares). Under English law, to maintain Bristow Helicopters’ operating license, we would be required to find a qualified European Union owner to acquire any of the Bristow Aviation shares that we have the right or obligation to acquire under the put/call agreement. In addition to our equity investment in Bristow Aviation, we own deferred stock, essentially a subordinated class of stock with no voting rights, and hold subordinated debt issued by Bristow Aviation.

The CAA regulates our U.K. flight operations and exercises jurisdiction over personnel, aircraft, ground facilities and certain technical aspects of those operations. The CAA often imposes improved safety standards. Under the Licensing of Air Carriers Regulations 1992, it is unlawful to operate certain aircraft for hire within the U.K. unless such aircraft are approved by the CAA. Changes in U.K. or European Union statutes or regulations, administrative requirements or their interpretation may have a material adverse effect on our business or financial condition or on our ability to continue operations in the U.K.

Also, we are subject to the U.K. Bribery Act 2010 (the “U.K. Bribery Act”), which creates criminal offenses for bribery and failing to prevent bribery.

Additionally, we are subject to the U.K. and E.U. Dual-Use Export Regulations. Dual use goods are products and technologies which have both civilian and military applications. U.K. and E.U. regulations may require export authorization for certain exports of dual use items.

### ***Nigeria***

Our operations in Nigeria are subject to the Nigerian Content Development Act 2010, which requires that oil and gas contracts be awarded to a company that is seen or perceived to have more “local content” than a “Foreign” competitor. Additionally, the Nigerian Content Development Act allows the monitoring board to penalize companies that do not meet these local content requirements up to 5% of the value of the contract. Also, the Nigerian Civil Aviation Authority has commenced the re-certification of all operators (aircraft operating companies (“AOCs”) and aircraft maintenance organizations (“AMOs”)) in accordance with the new Nigerian Civil Aviation Regulations. The regulations require that AOCs and AMOs be separate, independent organizations with independent accountable managers. Accordingly, in order to properly and fully embrace new regulations, we have made a number of key changes to our operating model in Nigeria, while maintaining safety as our number one priority at all times. It is intended that these changes should enable us to continue to be a successful and critical part of the Nigerian offshore energy and aviation industries.

### ***Other***

Our operations in other markets are subject to local governmental regulations that may limit foreign ownership of aviation companies. Because of these local regulations, we conduct some of our operations through entities in which citizens of such countries own a majority interest and we hold a noncontrolling interest, or under contracts which provide that we operate assets for the local companies and conduct their flight operations. Such contracts are used for our operations in Russia and Turkmenistan. Changes in local laws, regulations or administrative requirements or their interpretation may have a material adverse effect on our business or financial condition or on our ability to continue operations in these areas.

### **Environmental**

Our operations are subject to laws and regulations controlling the discharge of materials into the environment or otherwise relating to the protection of the environment. If we fail to comply with these environmental laws and regulations, administrative, civil and criminal penalties may be imposed, and we may become subject to regulatory enforcement actions in the form of injunctions and cease and desist orders. We may also be subject to civil claims arising out of a pollution event. These laws and regulations may expose us to strict, joint and several liability for the conduct of or conditions caused by others or for our own acts even though these actions were in compliance with all applicable laws at the time they were performed. To date, such laws and regulations have not had a material adverse effect on our business, results of operations or financial condition.

Increased public awareness and concern over the environment may result in future changes in the regulation of the offshore energy industry, which in turn could adversely affect us. The trend in environmental regulation is to place more restrictions and limitations on activities that may affect the environment and there can be no assurance as to the effect of such regulation on our operations or on the operations of our clients. We try to anticipate future regulatory requirements that might be imposed and plan accordingly to remain in compliance with changing environmental laws and regulations and to minimize the cost of such compliance. We do not believe that compliance with federal, state or local environmental laws and regulations will have a material adverse effect on our business, financial position or results of operations. We cannot be certain, however, that future events, such as changes in existing laws, the promulgation of new laws, or the development or discovery of new facts or conditions will not cause us to incur significant costs. Below is a discussion of the material U.S. environmental laws and regulations that relate to our business. We believe that we are in substantial compliance with all of these environmental laws and regulations.

Under the Comprehensive Environmental Response, Compensation and Liability Act, referred to as CERCLA or the Superfund law, and related state laws and regulations, strict, joint and several liability can be imposed without regard to fault or the legality of the original conduct on certain classes of persons that contributed to the release of a hazardous substance into the environment. These persons include the owner and operator of a contaminated site where a hazardous substance release occurred and any company that transported, disposed of or arranged for the transport or disposal of hazardous substances, even from inactive operations or closed facilities that have been released into the environment. In addition, neighboring landowners or other third parties may file claims for personal injury, property damage and recovery of response cost. We currently own, lease, or operate properties and facilities that, in some cases, have been used for industrial activities for many years. Hazardous substances, wastes, or hydrocarbons may have been released on or under the properties owned or leased by us, or on or under other locations where such substances have been taken for disposal. In addition, some of these properties have been operated by third parties or by previous owners whose treatment and disposal or release of hazardous substances, wastes, or hydrocarbons was not under our control. These properties and the substances disposed or released on them may be subject to CERCLA and analogous state statutes. Under such laws, we could be required to remove previously disposed substances and wastes, remediate contaminated property, or perform remedial activities to prevent future contamination. These laws and regulations may also expose us to liability for our acts that were in compliance with applicable laws at the time the acts were performed. We have been named as a potentially responsible party in connection with certain sites. See further discussion under Item 3. "Legal Proceedings" included elsewhere in this Annual Report.

In addition, since our operations generate wastes, including some hazardous wastes, we may be subject to the provisions of the Resource, Conservation and Recovery Act, or RCRA, and analogous state laws that limit the approved methods of disposal for some types of hazardous and nonhazardous wastes and require owners and operators of facilities that treat, store or dispose of hazardous waste and to clean up releases of hazardous waste constituents into the environment associated with their operations. Some wastes handled by us that currently are exempt from treatment as hazardous wastes may in the future be designated as "hazardous wastes" under RCRA or other applicable statutes. If this were to occur, we would become subject to more rigorous and costly operating and disposal requirements.

The Federal Water Pollution Control Act, also known as the Clean Water Act, and analogous state laws impose restrictions and strict controls regarding the discharge of pollutants into state waters or waters of the U.S. The discharge of pollutants into jurisdictional waters is prohibited unless the discharge is permitted by the U.S. Environmental Protection Agency, also referred to as the EPA, or applicable state agencies. Some of our properties and operations require permits for discharges of wastewater and/or stormwater, and we have a system in place for securing and maintaining these permits. In addition, the Oil Pollution Act of 1990 imposes a variety of requirements on responsible parties related to the prevention of oil spills and liability for damages, including natural resource damages, resulting from such spills in the waters of the U.S. A responsible party includes the owner or operator of a facility. The Clean Water Act and analogous state laws provide for administrative, civil and criminal penalties for unauthorized discharges and, together with the Oil Pollution Act, impose rigorous requirements for spill prevention and response planning, as well as substantial potential liability for the cost of removal, remediation, and damages in connection with any unauthorized discharges.

Some of our operations also result in emissions of regulated air pollutants. The Federal Clean Air Act and analogous state laws require permits for facilities that have the potential to emit substances into the atmosphere that could adversely affect environmental quality. Failure to obtain a permit or to comply with permit requirements could result in the imposition of substantial administrative, civil and even criminal penalties.

Our facilities and operations are also governed by laws and regulations relating to worker health and workplace safety, including the Federal Occupational Safety and Health Act, or OSHA. We believe that appropriate precautions are taken to protect our employees and others from harmful exposure to potentially hazardous materials handled and managed at our facilities, and that we operate in substantial compliance with all OSHA or similar regulations.

In addition, we could be affected by future laws or regulations imposed in response to concerns over climate change. Changes in climate change concerns, or in the regulation of such concerns, including greenhouse gas emissions, could subject us to additional costs and restrictions, including compliance costs and increased energy and raw materials costs.

Our operations outside of the U.S. are subject to similar foreign governmental controls relating to protection of the environment. We believe that, to date, our operations outside of the U.S. have been in substantial compliance with existing requirements of these foreign governmental bodies and that such compliance has not had a material adverse effect on our operations. There is no assurance, however, that future expenditures to maintain compliance will not become material.



## **Item 1A. Risk Factors**

If you hold our securities or are considering an investment in our securities, you should carefully consider the following risks, together with the other information contained in this Annual Report.

### **Risks Relating to Our Clients and Contracts**

***The demand for our services is substantially dependent on the level of offshore oil and gas exploration, development and production activity.***

We provide helicopter and fixed wing services to companies engaged in offshore oil and gas exploration, development and production activities. As a result, demand for our services, as well as our revenue and our profitability, are substantially dependent on the worldwide levels of activity in offshore oil and gas exploration, development and production. These activity levels are principally affected by trends in, and expectations regarding, oil and natural gas prices, as well as the capital expenditure budgets of offshore energy companies. We cannot predict future exploration, development and production activity or oil and gas price movements. Historically, the prices for oil and gas and activity levels have been volatile and are subject to factors beyond our control, such as:

- the supply of and demand for oil and gas and market expectations for such supply and demand;
- actions of the Organization of Petroleum Exporting Countries and other oil producing countries to control prices or change production levels;
- general economic conditions, both worldwide and in particular regions;
- governmental regulation;
- the price and availability of alternative fuels;
- weather conditions, including the impact of hurricanes and other weather-related phenomena;
- advances in exploration, development and production technology;
- the policies of various governments regarding exploration and development of their oil and gas reserves; and
- the worldwide political environment, including uncertainty or instability resulting from an escalation or additional outbreak of armed hostilities or other crises in the Middle East, Nigeria or other geographic areas, or further acts of terrorism in the U.K., U.S. or elsewhere.

Additionally, an increase in onshore fracking, which generally does not require use of our services, could have an adverse effect on our operations. If onshore fracking were to meaningfully increase in the international markets in which we operate, and if it were to drive a meaningful increase in the supply of hydrocarbons available to the markets we serve, it could potentially adversely impact the level of activity in our offshore oil and gas markets and the demand for our helicopter services.

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

Offshore energy companies are continually seeking to implement measures aimed at greater cost savings, including efforts to improve cost efficiencies with respect to air transportation services. For example, these companies may reduce staffing levels on both old and new installations by using new technology to permit unmanned installations, may reduce the frequency of transportation of employees by increasing the length of shifts offshore, may change other aspects of how our services are scheduled and may consider other alternatives to our services to achieve cost savings. In addition, these companies could initiate their own helicopter, airplane or other transportation alternatives. The continued implementation of these kinds of measures could reduce the demand or pricing for our services and have a material adverse effect on our business, financial condition and results of operations.

***Our industry is highly competitive and cyclical, with intense price competition.***

The helicopter and the fixed wing businesses are highly competitive throughout the world. Chartering of such aircraft is often done on the basis of competitive bidding among those providers having the necessary equipment, operational experience and resources. Factors that affect competition in our industry include price, quality of service, operational experience, record of safety, quality and type of equipment, client relationship and professional reputation.

Our industry has historically been cyclical and is affected by the volatility of oil and gas price levels. There have been periods of high demand for our services, followed by periods of low demand for our services. Changes in commodity prices can have a significant effect on demand for our services, and periods of low activity intensify price competition in the industry and often result in our aircraft being idle for long periods of time.

We have several significant competitors in the North Sea, Nigeria, the U.S. Gulf of Mexico, Australia, Canada and Brazil, and a number of smaller local competitors in other markets. Certain of our clients have the capability to perform their own air transportation operations or find new competitors should they elect to do so, which has a limiting effect on our rates.

As a result of significant competition, we must continue to provide safe and efficient service or we will lose market share which could have a material adverse effect on our business, financial condition and results of operations due to the loss of a significant number of our clients or termination of a significant number of our contracts. See further discussion in Item 1. “Business — Competition” included elsewhere in this Annual Report.

***We depend on a small number of large offshore energy industry clients for a significant portion of our revenue.***

We derive a significant amount of our revenue from a small number of offshore energy companies. Our loss of one of these significant clients, if not offset by sales to new or other existing clients, could have a material adverse effect on our business, financial condition and results of operations. See further discussion in Item 1. “Business — Clients and Contracts” included elsewhere in this Annual Report.

***Our contracts often can be terminated or downsized by our clients without penalty.***

Many of our fixed-term contracts contain provisions permitting early termination by the client at their convenience, generally without penalty, and with limited notice requirements. In addition, many of our contracts permit our clients to decrease the number of aircraft under contract with a corresponding decrease in the fixed monthly payments without penalty. As a result, you should not place undue reliance on the strength of our client contracts or the terms of those contracts.

***Our U.K. SAR contract can be terminated and is subject to certain other rights of the U.K. Department for Transport.***

The U.K. SAR contract allows the DfT to cancel the contract for any reason upon notice and payment of a specified cancellation fee based on the number of bases reduced as a result of the exercise and the timing of the exercise. Additionally, the U.K. SAR contract grants the DfT the option to require us to transfer to the DfT, at termination or expiration, either the lease or the ownership of some or all of the helicopters that service the U.K. SAR contract. The DfT may alternatively require that we or the owner, as the case may be, transfer the lease or ownership of the helicopters to any replacement service provider. If the DfT wishes to transfer ownership it must pay a specified option exercise fee based on the value of the helicopters. If the DfT wishes to transfer the lease it does not have to pay an option exercise fee. We currently lease all of the aircraft that service the U.K. SAR contract. Therefore, although we are entitled to some compensation for termination or early expiration if we are not at fault, termination or early expiration of the U.K. SAR contract would result in a significant loss of expected revenue. Additionally, we do not have the right to transfer the ground facilities supporting the U.K. SAR contract to the replacement service provider. If alternative long-term uses were not identified for these facilities, we could incur recurring fixed expenses for these recently acquired, non-revenue producing assets if we were unable to sell them to a replacement contractor or other party in the event the U.K. SAR contract is terminated.

***Our clients may shift risk to us.***

We give to and receive from our clients indemnities relating to damages caused or sustained by us in connection with our operations. Our clients’ changing views on risk allocation together with deteriorating market conditions could force us to accept greater risk to win new business, retain renewing business or could result in us losing business if we are not prepared to take such risks. To the extent that we accept such additional risk, and seek to insure against it, if possible, our insurance premiums could rise. If we cannot insure against such risks or otherwise choose not to do so, we could be exposed to catastrophic losses in the event such risks are realized.

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

We have ordered, and have options for, a substantial number of new helicopters. Many of our new helicopters may not be covered by client contracts when they are delivered to us, and we cannot assure you as to when we will be able to utilize these new helicopters or on what terms. To the extent our helicopters are covered by a client contract when they are delivered to us, some of these contracts may be for a short term, requiring us to seek renewals more frequently. Alternatively, we expect that some

of our clients may request new helicopters in lieu of our existing helicopters, which could adversely affect the utilization of our existing fleet.

***Reductions in spending on helicopter services by government agencies could lead to modifications of SAR contract terms or delays in receiving payments, which could adversely impact our business, financial condition and results of operations.***

We were awarded a government contract to provide SAR services for all of the U.K. which commenced in April 2015. Any reductions in the budgets of government agencies for spending on helicopter services, implementation of cost saving measures by government agencies, imposed modifications of contract terms or delays in collecting receivables owed to us by our government agency clients could have an adverse effect on our business, financial condition and results of operations.

In addition, there are inherent risks in contracting with government agencies. Applicable laws and regulations in the countries in which we operate may enable our government agency clients to (i) terminate contracts for convenience, (ii) reduce, modify or cancel contracts or subcontracts if requirements or budgetary constraints change, or (iii) terminate contracts or adjust their terms.

***Our fixed operating expenses and long-term contracts with clients could adversely affect our business under certain circumstances.***

Our profitability is directly related to demand for our services. Because of the significant expenses related to aircraft financing and leasing, crew wages and benefits, insurance and maintenance programs, a substantial portion of our operating expenses are fixed and must be paid even when aircraft are not actively servicing clients and thereby generating income. A decrease in our revenue could therefore result in a disproportionate decrease in our earnings, as a substantial portion of our operating expense would remain unchanged. Similarly, the discontinuation of any rebates, discounts or preferential financing terms offered to us by manufacturers, lenders or lessors would have the effect of increasing our related expenses, and without a corresponding increase in our revenue, would negatively impact our results of operations.

Our long-term aircraft services contracts contain price escalation terms and conditions. Although supplier costs, fuel costs, labor costs, insurance costs, and other cost increases are typically passed through to our clients through rate increases where possible, these escalations may not be sufficient to enable us to recoup increased costs in full and we may not be able to realize the full benefit of contract price increase escalations during a market downturn. There can be no assurance that we will be able to estimate costs accurately or recover increased costs by passing these costs on to our clients. We may not be successful in identifying or securing cost escalations for other costs that may escalate during the applicable client contract term. In the event that we are unable to fully recover material costs that escalate during the terms of our client contracts, the profitability of our client contracts and our business, financial condition and results of operations could be materially and negatively affected.

Additionally, cost increases related to our airline scheduled service cannot be passed on to previously purchased air passenger tickets but may be passed on partially or wholly to future purchased tickets if the rates remain competitive to other competing airlines.

## **Risks Relating to Our Business**

***Our operations involve a degree of inherent risk that may not be covered by our insurance and may increase our operating costs.***

The operation of helicopters and fixed wing aircraft inherently involves a degree of risk. Hazards such as harsh weather and marine conditions, mechanical failures, facility fires and spare parts damage, crashes and collisions are inherent in our business and may result in personal injury, loss of life, damage to property and equipment, suspension or reduction of operations, reduced number of flight hours and the grounding of such aircraft or insufficient ground facilities or spare parts to support operations. In addition to any loss of property or life, our revenue, profitability and margins could be materially affected by an accident or asset damage.

We, or third parties operating our aircraft, may experience accidents or damage to our assets in the future. These risks could endanger the safety of both our own and our clients' personnel, equipment, cargo and other property, as well as the environment. If any of these events were to occur with equipment or other assets that we need to operate or lease to third parties, we could experience loss of revenue, termination of charter contracts, higher insurance rates, and damage to our reputation and client relationships. In addition, to the extent an accident occurs with aircraft we operate or to assets supporting operations, we could be held liable for resulting damages. For example, in March 2014 one of our hangars in Nigeria experienced a fire, which resulted in damage to the hangar, two helicopters and a substantial portion of the inventory spare parts. Although the hangar, helicopters and inventory were covered by insurance, we incurred deductible and additional insurance premiums as a result of this fire. The lack of sufficient insurance for this incident or the occurrence of another such incident or accident could have a material adverse effect on our operations and financial condition.

Certain models of aircraft that we operate have also experienced accidents while operated by third parties. For example, on October 22, 2012, an incident occurred with an Airbus Helicopters H225 Super Puma helicopter operated by another helicopter company, which resulted in a controlled ditching on the North Sea, south of the Shetland Isles, U.K. Following the ditching, all 19 passengers and crew were recovered safely and without injuries. This incident resulted in the CAAs in the U.K. and Norway issuing safety directives in October 2012, requiring operators to suspend operations of the affected aircraft and our cessation of operations a total of 16 large Airbus Helicopters aircraft for a period of time pending determination of the root cause of the gear shaft failure that resulted in the incident. If other operators experience accidents with aircraft models that we operate or lease, obligating us to take such aircraft out of service until the cause of the accident is rectified, we would lose revenue and might lose clients. In addition, safety issues experienced by a particular model of aircraft could result in clients refusing to use that particular aircraft model or a regulatory body grounding that particular aircraft model. The value of the aircraft model might also be permanently reduced in the market if the model were to be considered less desirable for future service and the inventory for such aircraft may be impaired.

We attempt to protect ourselves against these losses and damage by carrying insurance, including hull and liability, general liability, workers' compensation, and property and casualty insurance. Our insurance coverage is subject to deductibles and maximum coverage amounts, and we do not carry insurance against all types of losses, including business interruption. We cannot assure you that our existing coverage will be sufficient to protect against all losses, that we will be able to maintain our existing coverage in the future or that the premiums will not increase substantially. In addition, future terrorist activity, risks of war, accidents or other events could increase our insurance premiums. The loss of our liability insurance coverage, inadequate coverage from our liability insurance or substantial increases in future premiums could have a material adverse effect on our business, financial condition and results of operations.

***Failure to maintain standards of acceptable safety performance may have an adverse impact on our ability to attract and retain clients and could adversely impact our reputation, operations and financial performance.***

Our clients consider safety and reliability as the two primary attributes when selecting a provider of air transportation services. If we fail to maintain standards of safety and reliability that are satisfactory to our clients, our ability to retain current clients and attract new clients may be adversely affected. Accidents or disasters could impact client or passenger confidence in a particular fleet type, us or the air transportation services industry as a whole and could lead to a reduction in client contracts, particularly if such accidents or disasters were due to a safety fault in a type of aircraft used in our fleet. In addition, the loss of aircraft as a result of accidents could cause significant adverse publicity and the interruption of air services to our clients, which could adversely impact our reputation, operations and financial results. Our aircraft have been involved in accidents in the past, some of which have included loss of life and property damage. We may experience similar accidents in the future.

***Our operations in certain regions of the world are subject to additional risks.***

During fiscal years 2015, 2014 and 2013, approximately 25%, 28% and 28%, respectively, of our gross revenue was attributable to helicopter services provided to clients operating in our West Africa and Other International business units. Operations in certain regions are subject to various risks inherent in conducting business in international locations, including:

- political, social and economic instability, including risks of war, general strikes and civil disturbances;
- physical and economic retribution directed at U.S. companies and personnel;
- governmental actions that restrict payments or the movement of funds or result in the deprivation of contract rights;
- violations of our Code;
- adverse tax consequences;
- fluctuations in currency exchange rates, hard currency shortages and controls on currency exchange that affect demand for our services and our profitability;
- potential noncompliance with a wide variety of laws and regulations, such as the FCPA, and similar non-U.S. laws and regulations, including the U.K. Bribery Act and Brazil's Clean Companies Act (the "BCCA");
- the taking of property without fair compensation; and
- the lack of well-developed legal systems in some countries that could make it difficult for us to enforce our contractual rights.

For example, there has been continuing political and social unrest in Nigeria, where we derived 18%, 20% and 20% of our gross revenue during fiscal years 2015, 2014 and 2013, respectively. A change in leadership with the recent Nigerian Presidential election could cause instability in the area resulting in a lack of demand for our services in Nigeria and safety risks for our operations and our people. In addition, the passage of the Nigerian Petroleum Industry Bill could lead to further uncertainty in demand in the region. Future unrest or legislation in Nigeria or our other operating regions could adversely affect our business, financial condition and results of operations in those regions. We cannot predict whether any of these events will continue to occur in Nigeria or occur elsewhere in the future.

We also have a joint venture operating in Sakhalin that may be negatively impacted by any further civil unrest within, war related to, or sanctions against Russia.

***We are highly dependent upon the level of activity in the North Sea and to a lesser extent the U.S. Gulf of Mexico, which are mature exploration and production regions.***

In fiscal years 2015, 2014 and 2013, approximately 58%, 55%, and 54%, respectively, of our gross revenue was derived from air transportation services provided to clients operating in the North Sea and the U.S. Gulf of Mexico. The North Sea and the U.S. Gulf of Mexico are mature exploration and production regions that have undergone substantial seismic survey and exploration activity for many years. Because a large number of oil and gas properties in these regions have already been drilled, additional prospects of sufficient size and quality could be more difficult to identify. The ability of our clients to produce sufficient quantities to support the costs of exploration in different basins can impact the level of future activity in these regions. Generally, the production from these drilled oil and gas properties is declining. In the future, production may decline to the point that such properties are no longer economic to operate, in which case, our services with respect to such properties will no longer be needed. Oil and gas companies may not identify sufficient additional drilling sites to replace those that become depleted. In addition, the U.S. government's exercise of authority under the Outer Continental Shelf Lands Act, as amended, to restrict the availability of offshore oil and gas leases together with the U.K. government's exercise of authority could adversely impact exploration and production activity in the U.S. Gulf of Mexico and the U.K. North Sea, respectively.

If activity in oil and gas exploration, development and production in either the U.S. Gulf of Mexico or the North Sea materially declines, our business, financial condition and results of operations could be materially and adversely affected. We cannot predict the levels of activity in these areas.

***Foreign exchange risks and controls may affect our financial position and results of operations.***

Through our operations outside the U.S., we are exposed to foreign currency fluctuations and exchange rate risks. As a result, a strong U.S. dollar may increase the local cost of our services that are provided under U.S. dollar-denominated contracts, which may reduce the demand for our services in foreign countries. Generally, we do not enter into hedging transactions to protect against foreign exchange risks related to our gross revenue or operating expense.

Because we maintain our financial statements in U.S. dollars, our financial results are vulnerable to fluctuations in the exchange rate between the U.S. dollar and foreign currencies, such as the British pound sterling, Australian dollar, euro, Nigerian naira and Norwegian kroner. In preparing our financial statements, we must convert all non-U.S. dollar currencies to U.S. dollars. The effect of foreign currency translation is reflected as a component of stockholders' investment, while foreign currency transaction gains or losses and translation of currency amounts not deemed permanently reinvested are credited or charged to income and reflected in other income (expense), net. Additionally, our earnings from unconsolidated affiliates, net of losses, are affected by the impact of changes in foreign currency exchange rates on the reported results of our unconsolidated affiliates, primarily the impact of changes in the Brazilian real and the U.S. dollar exchange rate on results for our affiliate in Brazil. Changes in exchange rates could cause significant changes in our financial position and results of operations in the future.

We operate in countries with foreign exchange controls including Brazil, Egypt, Malaysia, Nigeria, Russia and Turkmenistan. These controls may limit our ability to repatriate funds from our international operations and unconsolidated affiliates or otherwise convert local currencies into U.S. dollars. These limitations could adversely affect our ability to access cash from these operations.

See further discussion of foreign exchange risks and controls under Item 7A. "Quantitative and Qualitative Disclosure about Market Risk" included elsewhere in this Annual Report.

***Our dependence on a small number of helicopter manufacturers and lessors poses a significant risk to our business and prospects, including our ability to execute our growth strategy.***

We contract with a small number of manufacturers and lessors for most of our aircraft expansion replacement and leasing needs. If any of the manufacturers face production delays due to, for example, natural disasters, labor strikes or availability of skilled labor, we may experience a significant delay in the delivery of previously ordered aircraft. During these periods, we may not be able to obtain orders for additional aircraft with acceptable pricing, delivery dates or other terms. Also, we have operating leases for a growing number of our helicopters. The number of companies that provide leasing for helicopters is limited. If any of these leasing companies face financial setbacks, we may experience delays or restrictions in our ability to lease aircraft. Delivery delays or our inability to obtain acceptable aircraft orders or lease aircraft would adversely affect our revenue and profitability and could jeopardize our ability to meet the demands of our clients and grow our business. Additionally, lack of availability of new aircraft resulting from a backlog in orders could result in an increase in prices for certain types of new and used helicopters.

If any of the helicopter manufacturers we contract with, the government bodies that regulate them or other parties identify safety issues with helicopter models we currently operate or that we intend to acquire, we may be required to suspend flight operations, as was done most recently with the H225 referenced above. If we are forced to suspend operations of helicopter models, our business, financial condition and results of operations during any period in which flight operations are suspended could be affected.

***A shortfall in availability of aircraft components and parts required for maintenance and repairs of our helicopter and fixed wing aircraft and supplier cost increases could adversely affect us.***

In connection with the required maintenance and repairs performed on our aircraft in order for them to stay fully operational and available for use in our operations, we rely on a few key vendors for the supply and overhaul of components fitted to our aircraft. These vendors have historically worked at or near full capacity supporting the aircraft production lines and the maintenance requirements of various government and civilian aircraft operators that may also operate at or near capacity in certain industries, including operators such as us who support the energy industry. Such conditions can result in backlogs in manufacturing schedules and some parts being in limited supply from time to time, which could have an adverse impact upon our ability to maintain and repair our aircraft. To the extent that these suppliers also supply parts for aircraft used by governments in military operations, parts delivery for our aircraft may be delayed. Our inability to perform timely maintenance and repairs can result in our aircraft being underutilized which could have an adverse impact on our operating results and financial condition. Furthermore, our operations in remote locations, where delivery of these components and parts could take a significant period of time, may also impact our ability to maintain and repair our aircraft. While every effort is made to mitigate such impact, this may pose a risk to our operating results. Additionally, supplier cost increases for critical aircraft components and parts also pose a risk to our operating results. Cost increases for contracted services are passed through to our clients through rate increases where possible, including as a component of contract escalation charges. However, as certain of our contracts are long-term in nature, cost increases may not be adjusted in our contract rates until the contracts are up for renewal.

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

***Our future growth depends significantly on the level of international oil and gas activity and our ability to operate outside of the North Sea and the U.S. Gulf of Mexico.***

Our future growth will depend significantly on our ability to expand into markets outside of the North Sea and the U.S. Gulf of Mexico. Expansion of our business depends on our ability to operate in these other regions.

Expansion of our business outside of the North Sea and the U.S. Gulf of Mexico may be adversely affected by:

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

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

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

Our business is capital intensive, and to the extent we do not generate sufficient cash from operations, we will need to raise additional funds through bank debt, public or private debt, or equity financings to execute our growth strategy. Adequate sources of capital funding may not be available when needed, or may not be available on favorable terms. If we raise additional funds by issuing equity or certain types of convertible debt securities, dilution to the holdings of existing stockholders may result. Further, if we raise additional debt financing, we will incur additional interest expense and the terms of such debt may be at less favorable rates than existing debt and could require the pledge of assets as security or subject us to financial and/or operating covenants that affect our ability to conduct our business. If funding is insufficient at any time in the future, we may be unable to acquire additional aircraft, take advantage of business opportunities or respond to competitive pressures, any of which could harm our business, financial condition and results of operations. See discussion of our capital commitments in Item 7. “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — Future Cash Requirements” included elsewhere in this Annual Report.

***Labor problems could adversely affect us.***

Certain of our employees in the U.K., Norway, Nigeria, the U.S. and Australia (collectively, about 45% of our employees) are represented under collective bargaining or union agreements. Any disputes over the terms of these agreements or our potential inability to negotiate acceptable contracts with the unions that represent our employees under these agreements could result in strikes, work stoppages or other slowdowns by the affected workers. Periodically, certain groups of our employees who are not covered under a collective bargaining agreement consider entering into such an agreement. For example, in 2013 our U.S. Gulf of Mexico mechanics elected to unionize. Further, if our unionized workers engage in a strike, work stoppage or other slowdown, other employees elect to become unionized, existing labor agreements are renegotiated, or future labor agreements contain terms that are unfavorable to us, we could experience a disruption of our operations or higher ongoing labor costs, which could adversely affect our business, financial condition and results of operations.

See Item 1. “Business — Employees” included elsewhere in this Annual Report for further discussion on the status of collective bargaining or union agreements.

***Our failure to attract and retain qualified personnel could have an adverse effect on us.***

Loss of the services of key management personnel at our corporate and regional headquarters without being able to attract personnel of equal ability could have a material adverse effect upon us. Further, Title 49 of the Transportation Code in the U.S. and other statutes require our President and two-thirds of our board of directors and other managing officers be U.S. citizens. Our failure to attract and retain qualified executive personnel or for such executive personnel to work well together or as effective leaders in their respective areas of responsibility could have a material adverse effect on our current business and future growth.

Our ability to attract and retain qualified pilots, mechanics and other highly-trained personnel is an important factor in determining our future success. For example, many of our clients require pilots with very high levels of flight experience. The market for these experienced and highly-trained personnel is competitive and may become more competitive. Accordingly, we cannot assure you that we will be successful in our efforts to attract and retain such personnel. Some of our pilots, mechanics and other personnel, as well as those of our competitors, are members of the U.K. or U.S. military reserves who have been, or could be, called to active duty. If significant numbers of such personnel are called to active duty, it would reduce the supply of such workers and likely increase our labor costs. Additionally, the addition of new aircraft types to our fleet or a sudden change in demand for a specific aircraft type as happened with the Sikorsky S-92 and Airbus Helicopters AS332 aircraft types in response to the Airbus Helicopters H225 grounding may require us to retain additional pilots, mechanics and other flight-related personnel. Our failure to attract and retain qualified personnel could have a material adverse effect on our current business and future growth.

***Our operations are subject to weather-related and seasonal fluctuations.***

Our operations can be impaired by harsh weather conditions. Poor visibility, high wind, heavy precipitation, sand storms and volcanic ash can affect the operation of helicopters and fixed wing aircraft and result in a reduced number of flight hours. A significant portion of our operating revenue is dependent on actual flight hours, and a substantial portion of our direct cost is fixed. Thus, prolonged periods of harsh weather can have a material adverse effect on our business, financial condition and results of operations. In addition, severe weather patterns, including those resulting from climate change, could affect the operation of helicopters and fixed wing aircraft and result in a reduced number of flight hours, which may have a material adverse effect on our business, financial condition or results of operations.

The fall and winter months have fewer hours of daylight, particularly in the North Sea and Canada. While some of our aircraft are equipped to fly at night, we generally do not do so. In addition, drilling activity in the North Sea and Canada is lower during the winter months than the rest of the year. Anticipation of harsh weather during this period causes many oil and gas companies to limit activity during the winter months. Consequently, flight hours are generally lower during these periods, typically resulting in a reduction in operating revenue during those months. Accordingly, our reduced ability to operate in harsh weather conditions and darkness may have a material adverse effect on our business, financial condition and results of operations.

The Harmattan, a dry and dusty West African trade wind, blows in Nigeria between the end of November and the middle of March. The heavy amount of dust in the air can severely limit visibility and block the sun for several days, comparable to a heavy fog. We are unable to operate aircraft during these harsh conditions. Consequently, flight hours may be lower during these periods resulting in reduced operating revenue, which may have a material adverse effect on our business, financial condition and results of operations.

In the U.S. Gulf of Mexico, the months of December through March typically have more days of harsh weather conditions than the other months of the year. Heavy fog during those months often limits visibility and flight activity. In addition, in the Gulf of Mexico, June through November is tropical storm and hurricane season, and in Australia, November through April is cyclone season. When a weather event is about to enter or begins developing in these regions, flight activity may increase because of evacuations of offshore workers. However, during such an event, we are unable to operate in the area of the storm. In addition, as a significant portion of our facilities are located along the coast of these regions, extreme weather may cause substantial damage to our property in these locations, including possibly aircraft. Additionally, we incur costs in evacuating our aircraft, personnel and equipment prior to tropical storms, hurricanes and cyclones.

***Failure to develop or implement new technologies could affect our results of operations.***

Many of the aircraft that we operate are characterized by changing technology, introductions and enhancements of models of aircraft and services and shifting client demands, including technology preferences. Our future growth and financial performance will depend in part upon our ability to develop, market and integrate new services and to accommodate the latest technological advances and client preferences. In addition, the introduction of new technologies or services that compete with our services could result in our revenue decreasing over time. If we are unable to upgrade our operations or fleet with the latest technological advances in a timely manner, or at all, our business, financial condition and results of operations could suffer.



***We are increasingly dependent on information technology, and if we are unable to protect against service interruptions, data corruption, cyber-based attacks or network security breaches, our operations could be disrupted and our business could be negatively impacted.***

Our business is increasingly dependent upon information technology networks and systems to process, transmit and store electronic and financial information; to capture knowledge of our business; and to communicate within our company and with clients, suppliers, partners and other stakeholders. These information technology systems, some of which are managed by third parties, may be susceptible to damage, disruptions or shutdowns due to failures during the process of upgrading or replacing software, databases or components thereof, power outages, hardware failures, computer viruses, cyber attacks, telecommunication failures, user errors or catastrophic events. Our information technology systems are becoming increasingly integrated on a global basis, so damage, disruption or shutdown to the system could result in a more widespread impact. If our information technology systems suffer severe damage, disruption or shutdown, and our business continuity plans do not effectively resolve the issues in a timely manner, we could experience business disruptions and transaction errors causing a material adverse effect on our business, financial condition and results of operations.

In addition, cyber attacks could lead to potential unauthorized access and disclosure of confidential information, data loss, data corruption, communication interruption or other operational disruptions within our business. There is no assurance that we will not experience cyber attacks and suffer losses in the future. Further, as the methods of cyber attacks continue to evolve, we may be required to expend additional resources to continue to modify or enhance our protective measures or to investigate and remediate any cyber attacks.

***We operate in many international areas through entities that we do not control and are subject to government regulation that limits foreign ownership of aircraft companies in favor of domestic ownership.***

We conduct many of our international operations through entities in which we have a noncontrolling investment or through strategic alliances with foreign partners. For example, we have acquired interests in, or in some cases have lease and service agreements with, entities that operate aircraft in Brazil, Canada, and Egypt. We provide engineering and administrative support to certain of these entities. We derive significant amounts of lease revenue, service revenue, equity earnings and dividend income from these entities. In fiscal years 2015, 2014 and 2013, we received approximately \$87.7 million, \$92.7 million and \$54.0 million, respectively, of revenue from the provision of aircraft and other services to unconsolidated affiliates. As a result of not owning a majority interest or maintaining voting control of our unconsolidated affiliates, we do not have the ability to control their policies, management or affairs. The interests of persons who control these entities or partners may differ from ours, and may cause such entities to take actions that are not in our best interest. If we are unable to maintain our relationships with our partners in these entities, we could lose our ability to operate in these areas, potentially resulting in a material adverse effect on our business, financial condition and results of operations. Additionally, an operational incident involving one of the entities over which we do not have operational control may nevertheless cause us reputational harm.

We are subject to governmental regulation that limits foreign ownership of aircraft companies in favor of domestic ownership. Based on regulations in various markets in which we operate, our aircraft may be subject to deregistration and we may lose our ability to operate within these countries if certain levels of local ownership are not maintained. Deregistration of our aircraft for any reason, including foreign ownership in excess of permitted levels, would have a material adverse effect on our ability to conduct operations within these markets. We cannot assure you that there will be no changes in aviation laws, regulations or administrative requirements or the interpretations or applications thereof, which could restrict or prohibit our ability to operate in certain regions. Any such restriction or prohibition on our ability to operate may have a material adverse effect on our business, financial condition and results of operations. See further discussion in Item 1. "Business — Governmental Regulation" included elsewhere in this Annual Report.

***We may undertake one or more significant corporate transactions that may not achieve their intended results, may adversely affect our financial condition and our results of operations or result in unforeseeable risks to our business.***

We continuously evaluate the acquisition or disposition of operating businesses and assets and may in the future undertake one or more significant transactions. Any such acquisitive transaction could be material to our business and could take any number of forms, including mergers, joint ventures and the purchase of equity interests. The consideration for such acquisitive transactions may include, among other things, cash, common stock or equity interests in us or our subsidiaries, or a contribution of equipment to obtain equity interests, and in conjunction with a transaction we might incur additional indebtedness. We also routinely evaluate the benefits of disposing of certain of our assets. Such dispositions could take the form of asset sales, mergers or sales of equity interests.

These transactions may present significant risks such as insufficient revenue to offset liabilities assumed, potential loss of significant revenue and income streams, increased or unexpected expenses, inadequate return of capital, regulatory or compliance issues, the triggering of certain covenants in our debt agreements (including accelerated repayment) and unidentified issues not discovered in due diligence. In addition, such transactions could distract management from current operations. As a result of the risks inherent in such transactions, we cannot guarantee that any such transaction will ultimately result in the realization of its anticipated benefits or that it will not have a material adverse impact on our business, financial condition or results of operations. If we were to complete such an acquisition, disposition, investment or other strategic transaction, we may require additional debt or equity financing that could result in a significant increase in our amount of debt and our debt service obligations or the number of outstanding shares of our common stock, thereby diluting holders of our common stock outstanding prior to such acquisition.

***We are subject to legal compliance risks.***

As a global business, we are subject to complex laws and regulations in the U.S., the U.K. and other countries in which we operate. These laws and regulations relate to a number of aspects of our business, including import and export controls, the payment of taxes, employment and labor relations, fair competition, data privacy protections, securities regulation, and other regulatory requirements affecting trade and investment. The application of these laws and regulations to our business is often unclear and may sometimes conflict. Compliance with these laws and regulations may involve significant costs or require changes in our business practices that result in reduced revenue and profitability. Non-compliance could also result in significant fines, damages, and other criminal sanctions against us, our officers or our employees, prohibitions or additional requirements on the conduct of our business and damage our reputation. Certain violations of law could also result in suspension or debarment from government contracts. We also incur additional legal compliance costs associated with our global regulations. In many foreign countries, particularly those with developing economies, it may be customary for others to engage in business practices that are prohibited by laws such as the FCPA, the U.K. Bribery Act and the BCCA in Brazil, an anti-bribery law that is similar to the FCPA and U.K. Bribery Act. Although we implement policies and procedures designed to ensure compliance with these laws, there can be no assurance that all of our employees, contractors, agents, and business partners will not take action in violation with our internal policies. Any such violation of the law or even internal policies could have an adverse effect on our business.

***Actions taken by agencies empowered to enforce governmental regulations could increase our costs and reduce our ability to operate successfully.***

Our operations are regulated by governmental agencies in the various jurisdictions in which we operate. These agencies have jurisdiction over many aspects of our business, including personnel, aircraft and ground facilities. Statutes and regulations in these jurisdictions also subject us to various certification and reporting requirements and inspections regarding safety, training and general regulatory compliance. Other statutes and regulations in these jurisdictions regulate the offshore operations of our clients. The agencies empowered to enforce these statutes and regulations may suspend, curtail or require us to modify our operations. In February 2014 the U.K. Civil Aviation Authority issued the CAP 1145 regulation, which is intended to improve the safety of offshore helicopter operations in the U.K. The regulation was issued in response to the August 23, 2013 crash of a competitor's Airbus Helicopters AS332L2 Super Puma where four passengers lost their lives. The regulation is in part intended to improve the ability of passengers and crew to survive an offshore incident, and also addresses pilot training, helidecks, acceptable weather conditions for flying and other safety topics. For example, one requirement that went into effect on September 1, 2014 is that passengers may only occupy seats next to an emergency exit window. The requirements could present North Sea operators, including us, with significant operational challenges. A suspension or substantial curtailment of our operations for any prolonged period, and any substantial modification of our current operations, may have a material adverse effect on our business, financial condition and results of operations. See further discussion in Item 1. "Business — Government Regulation" and "Business - Environmental" included elsewhere in this Annual Report.

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

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

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

***Environmental regulations and liabilities may increase our costs and adversely affect us.***

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

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

Changes in environmental laws or regulations, including laws relating to greenhouse emissions or other climate change concerns, could require us to devote capital or other resources to comply with those laws and regulations. These changes could also subject us to additional costs and restrictions, including increased fuel costs. For additional information see Item 1. “Business - Environmental” and Item 3. “Legal Proceedings” included elsewhere in this Annual Report.

***Our failure to dispose of aircraft through sales into the aftermarket could adversely affect us.***

The management of our global aircraft fleet involves a careful evaluation of the expected demand for our services across global markets, including the type of aircraft needed to meet this demand. As offshore oil and gas drilling and production globally moves to deeper water, more medium and large aircraft and newer technology aircraft may be required. As older aircraft models come off of current contracts and are replaced by new aircraft, our management evaluates our future needs for these aircraft models and ultimately the ability to recover our remaining investments in these aircraft through sales into the aftermarket. We depreciate our aircraft over their expected useful life to the expected salvage value to be received for the aircraft at the end of that life. However, depending on the market for aircraft we may record gains or losses on aircraft sales. In certain instances where a cash return can be made on newer aircraft in excess of the expected return available through the provision of our services, we may sell newer aircraft. The number of aircraft sales and the amount of gains and losses recorded on these sales is unpredictable. A failure to dispose of aircraft and parts in the secondary market could impair our ability to operate our fleet efficiently and service existing contracts or win new mandates and could have a material adverse effect on our business, financial condition or results of operations.

***Adverse results of legal proceedings could materially and adversely affect our business, financial condition or results of operations.***

We are subject to and may in the future be subject to legal proceedings and claims that arise out of the ordinary conduct of our business. Results of legal proceedings cannot be predicted with certainty. Irrespective of merit, litigation may be both lengthy and disruptive to our operations and could cause significant expenditure and diversion of management attention. We may be faced with significant monetary damages or injunctive relief against us that could materially adversely affect a portion of our business operations or materially and adversely affect our business, financial condition or results of operations should we fail to prevail in certain matters.

***We are exposed to credit risk.***

We are exposed to credit risk on our financial investments, which depends on the ability of our counterparties to fulfill their obligations to us. We manage credit risk by entering into arrangements with established counterparties and through the establishment of credit policies and limits, which are applied in the selection of counterparties.

Credit risk on financial instruments arises from the potential for counterparties to default on their contractual obligations and is limited to those contracts on which we would incur a loss in replacing the instrument. We limit our credit risk by dealing only with counterparties that possess investment grade credit ratings and monitor our concentration risk with counterparties on an ongoing basis. The carrying amount of financial assets represents the maximum credit exposure for financial assets.

Credit risk arises on our trade receivables from the unexpected loss in cash and earnings when a client cannot meet its obligation to us or when the value of any security provided declines. To mitigate trade credit risk, we have developed credit policies that include the review, approval and monitoring of new clients, annual credit evaluations and credit limits. There can be no assurance that our risk mitigation strategies will be effective and that credit risk will not adversely affect our financial condition and results of operations.

***Negative publicity may adversely impact us.***

Media coverage and public statements that insinuate improper actions by us, our unconsolidated affiliates, or other companies in our industry, regardless of their factual accuracy or truthfulness, may result in negative publicity, litigation or governmental investigations by regulators. Addressing negative publicity and any resulting litigation or investigations may distract management, increase costs and divert resources. Negative publicity may have an adverse impact on our reputation, the morale of our employees and the willingness of passengers to fly on our aircraft and those of our competitors, which could adversely affect our business, financial condition or results of operations.

***Regulations limit foreign ownership of our company, which could reduce the price of our common stock and cause owners of our common stock who are not U.S. persons to lose their voting rights.***

Our restated certificate of incorporation provides that persons or entities that are not “citizens of the U.S.” (as defined in the Federal Aviation Act of 1958) shall not collectively own or control more than 25% of the voting power of our outstanding capital stock (the “Permitted Foreign Ownership Percentage”) and that, if at any time persons that are not citizens of the U.S. nevertheless collectively own or control more than the Permitted Foreign Ownership Percentage, the voting rights of shares owned by stockholders who are not citizens of the U.S. shall automatically be suspended, in the reverse chronological order of the dates and times of registry of such shares in the Company’s stock records, until the voting rights of a sufficient number thereof shall have been suspended so that the number of shares owned by stockholders who are not citizens of the U.S. that continue to have voting rights equals the greatest whole number that is less than or equal to the Permitted Foreign Ownership Percentage. Shares held by persons who are not citizens of the U.S. may lose their associated voting rights and be redeemed as a result of these provisions. These restrictions may have a material adverse impact on the liquidity or market value of our Common Stock because holders may be unable to transfer our Common Stock to persons who are not citizens of the U.S.

***If we do not restrict the amount of foreign ownership of our common stock, we might lose our status as a U.S. air carrier and be prohibited from operating aircraft in the U.S., which would adversely impact our business, financial condition and results of operations.***

Since we hold the status of a U.S. air carrier under the regulations of both the U.S. Department of Transportation and the FAA and we engage in the operating and dry-leasing of aircraft in the U.S., we are subject to regulations pursuant to Title 49 of the Transportation Code (the “Transportation Code”) and other statutes (collectively, the “Aviation Acts”). The Transportation Code requires that certificates to engage in air transportation be held only by citizens of the U.S. as that term is defined in the relevant section of the Transportation Code. That section requires: (i) that our President and two-thirds of our board of directors and other managing officers be U.S. citizens; (ii) that at least 75% of our outstanding voting stock be owned by U.S. citizens; and (iii) that we must be under the actual control of U.S. citizens. Further, our aircraft operating in the U.S. must generally be registered in the U.S. In order to register such aircraft under the Aviation Acts, we must be owned or controlled by U.S. citizens. Although our restated certificate of incorporation and amended and restated by-laws contain provisions intended to ensure compliance with the provisions of the Aviation Acts, a failure to maintain compliance could result in the loss of our air carrier status and thereby adversely affect our business, financial condition and results of operations and we would be prohibited from both operating as an air carrier and operating aircraft in the U.S. during any period in which we did not comply with these regulations.

### **Risks Related to Our Level of Indebtedness**

***Our level of indebtedness could adversely affect our ability to obtain financing, impair our ability to fulfill our obligations under our indebtedness and limit our ability to adjust to changing market conditions.***

As of March 31, 2015, we had approximately \$864.4 million of outstanding indebtedness. In addition, we had \$265.7 million of availability for borrowings under our Credit Facilities as of March 31, 2015, subject to our maintenance of financial covenants and other conditions. Although the agreements governing our Credit Facilities and the indenture governing our 6 ¼% Senior Notes due 2022 (“6 ¼% Senior Notes”) contain restrictions on the incurrence of additional indebtedness, these restrictions are subject to a number of qualifications and exceptions, and we could incur substantial additional indebtedness in the future.

Our level of indebtedness may have important consequences to our business, including:

- impairing our ability to obtain additional financing in the future for working capital, capital expenditures, acquisitions or other general corporate purposes;
- requiring us to dedicate a substantial portion of our cash flow to the payment of principal and interest on our indebtedness, which reduces the availability of our cash flow to fund working capital, capital expenditures, acquisitions and other general corporate purposes or to repurchase our notes upon a change of control;
- subjecting us to the risk of increased sensitivity to interest rate increases on our indebtedness with variable interest rates, including borrowings under our Credit Facilities;
- increasing the possibility of an event of default under the financial and other covenants contained in our debt agreements; and
- limiting our ability to adjust to rapidly changing market conditions, reducing our ability to withstand competitive pressures and making us more vulnerable to a downturn in general economic conditions or our business than our competitors with less debt.

If we are unable to generate sufficient cash flow from operations in the future to service our debt, we may be required to refinance all or a portion of our existing debt or obtain additional financing. There is no assurance that any such refinancing would be possible or that any additional financing could be obtained. Our inability to obtain such refinancing or financing may have a material adverse effect on us.

***Failure to comply with covenants contained in certain of our lease agreements could limit our ability to maintain our leased aircraft fleet and could adversely affect our business.***

We have a significant amount of financial leverage from fixed obligations, including aircraft leases, leases of airport property and other facilities, and other material cash obligations. In addition, we have substantial non-cancelable commitments for capital expenditures, including the acquisition of new aircraft. The terms of our aircraft lease agreements contain covenants that impose operating and financial limitations on us. Such lease agreements limit, among other things, our ability to utilize aircraft in certain jurisdictions and/or to sublease aircraft, and may contain restrictions upon a change of control. A breach of lease covenants could result in an obligation to repay amounts outstanding under the lease, including rent and a stated value amount per aircraft. If such an event occurs, we may not be able to pay all amounts due under the leases or to refinance such leases on terms satisfactory to us or at all, which could have a material adverse effect on our business, financial condition and results of operations.

***To service our indebtedness and lease obligations we will continue to require a significant amount of cash, and our ability to generate cash depends on many factors beyond our control.***

Our ability to make scheduled payments of principal or interest with respect to our indebtedness and lease obligations will depend on our ability to generate cash and on our financial results. Our ability to generate cash depends on the demand for our services, which is subject to levels of activity in offshore oil and gas exploration, development and production, general economic conditions, the ability of our affiliates to generate and distribute cash flows, and financial, competitive, regulatory and other factors affecting our operations, many of which are beyond our control. We cannot assure you that our operations will generate sufficient cash flow or that future borrowings will be available to us under our Credit Facilities or otherwise in an amount sufficient to enable us to pay our indebtedness or lease obligations or to fund our other liquidity needs.

***Covenants in our debt agreements may restrict the manner in which we can operate our business.***

Our Credit Facilities and the indenture governing the 6 ¼% Senior Notes limit, among other things, our ability and the ability of our restricted subsidiaries to:

- borrow money or issue guarantees;
- pay dividends, redeem capital stock or make other restricted payments;
- incur liens to secure indebtedness;
- make certain investments;
- sell certain assets;
- enter into transactions with our affiliates; or
- merge with another person or sell substantially all of our assets.

If we fail to comply with these and other covenants, we would be in default under our Credit Facilities and the indenture governing the 6 ¼% Senior Notes, and the principal and accrued interest on our outstanding indebtedness may become due and payable. In addition, our Credit Facilities contain, and our future indebtedness agreements may contain, additional affirmative and negative covenants. As a result, our ability to respond to changes in business and economic conditions and to obtain additional financing, if needed, may be significantly restricted, and we may be prevented from engaging in transactions that might otherwise be considered beneficial to us.

Our Credit Facilities also require us, and our future credit facilities may require us, to maintain specified financial ratios and satisfy certain financial condition tests. Our ability to meet these financial ratios and tests can be affected by events beyond our control, and we cannot assure you that we will meet those tests in the future. The breach of any of these covenants could result in a default under our Credit Facilities. Upon the occurrence of an event of default under our existing or future credit facilities, the lenders could elect to declare all amounts outstanding under such credit facilities, including accrued interest or other obligations, to be immediately due and payable. There can be no assurance that our assets would be sufficient to repay all of our indebtedness in full.

The agreements governing certain of our indebtedness, including our Credit Facilities and the indentures governing the 3% Convertible Senior Notes and the 6 ¼% Senior Notes, contain cross-default provisions. Under these provisions, a default under one agreement governing our indebtedness may constitute a default under our other agreements of indebtedness.

## **Item 1B. *Unresolved Staff Comments***

None.

## **Item 2. *Properties***

The number and types of aircraft we operate are described in Item 1. “Business — Overview” above. In addition, we lease various office and operating facilities worldwide, including facilities at the Acadiana Regional Airport in New Iberia, Louisiana, the Redhill Aerodrome near London, England, the Aberdeen Airport, Scotland and along the U.S. Gulf of Mexico, and numerous residential locations near our operating bases or the bases of our affiliates in the U.K., Norway, Australia, Russia, Nigeria, Canada and Trinidad, which we use primarily for housing pilots and staff supporting those operations. We also lease office space in two buildings in Houston, Texas, which we use as our corporate headquarters and for other business purposes. Eastern Airways owns a majority controlling stake in the Humberside Airport in Kirmington, United Kingdom. Additionally, we have multiple properties in Titusville, Florida, where the largest campus of our Bristow Academy business unit is located. These facilities are generally suitable for our operations and can be replaced with other available facilities if necessary.

Additional information about our properties can be found in Note 7 in the “Notes to Consolidated Financial Statements” included elsewhere in this Annual Report (under the captions “Aircraft Purchase Contracts” and “Operating Leases”). A detail of our long-lived assets by geographic area as of March 31, 2015 and 2014 can be found in Note 11 in the “Notes to Consolidated Financial Statements” included elsewhere in this Annual Report.

## **Item 3. *Legal Proceedings***

### ***Nigerian Litigation***

In November 2005, two of our consolidated foreign affiliates were named in a lawsuit filed with the High Court of Lagos State, Nigeria by Mr. Benneth Osita Onwubalili and his affiliated company, Kensit Nigeria Limited, which allegedly acted as agents of our affiliates in Nigeria. The claimants allege that an agreement between the parties was terminated without justification and seek damages of \$16.3 million. We responded to this claim in early 2006. There has been minimal activity on this claim since then.

### ***Environmental Contingencies***

The EPA has in the past notified us that we are a potential responsible party, or PRP, at three former waste disposal facilities that are on the National Priorities List of contaminated sites. Under the Superfund law, persons who are identified as PRPs may be subject to strict, joint and several liability for the costs of cleaning up environmental contamination resulting from releases of hazardous substances at National Priorities List sites. Although we have not yet obtained a formal release of liability from the EPA with respect to any of the sites, we believe that our potential liability in connection with these sites is not likely to have a material adverse effect on our business, financial condition or results of operations.

### ***Other Matters***

Although infrequent, aircraft accidents have occurred in the past, and the related losses and liability claims have been covered by insurance subject to various risk retention factors. We also are a defendant in certain claims and litigation arising out of operations in the normal course of business. In the opinion of management, uninsured losses, if any, will not be material to our financial position, results of operations or cash flows.

## **Item 4. *Mine Safety Disclosures***

None.

## PART II

### Item 5. Market for the Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Our Common Stock is listed on the New York Stock Exchange ("NYSE") under the symbol "BRS." The following table shows the range of prices for our Common Stock during each quarter of our last two fiscal years.

	Fiscal Year Ended March 31,			
	2015		2014	
	High	Low	High	Low
First Quarter.....	\$ 80.62	\$ 71.27	\$ 69.05	\$ 59.21
Second Quarter .....	80.60	66.48	73.97	64.94
Third Quarter .....	75.00	58.14	85.70	72.48
Fourth Quarter .....	66.20	50.80	79.70	64.10

On May 15, 2015, the last reported sale price of our Common Stock on the NYSE was \$60.87 per share. As of May 15, 2015, there were 362 holders of record of our Common Stock.

We paid quarterly dividends of \$0.32 per share during each quarter of fiscal year 2015 and \$0.25 per share during each quarter of fiscal year 2014. On May 15, 2015, our board of directors approved a dividend of \$0.34 per share of Common Stock, payable on June 18, 2015 to shareholders of record on June 5, 2015. During fiscal years 2015 and 2014, we paid dividends totaling \$45.1 million and \$36.3 million, respectively, to our shareholders. The declaration of future dividends is at the discretion of our board of directors and subject to our results of operations, financial condition, cash requirements and other factors and restrictions under applicable law, and our debt agreements.

The following table shows the repurchases of equity securities during the three months ended March 31, 2015:

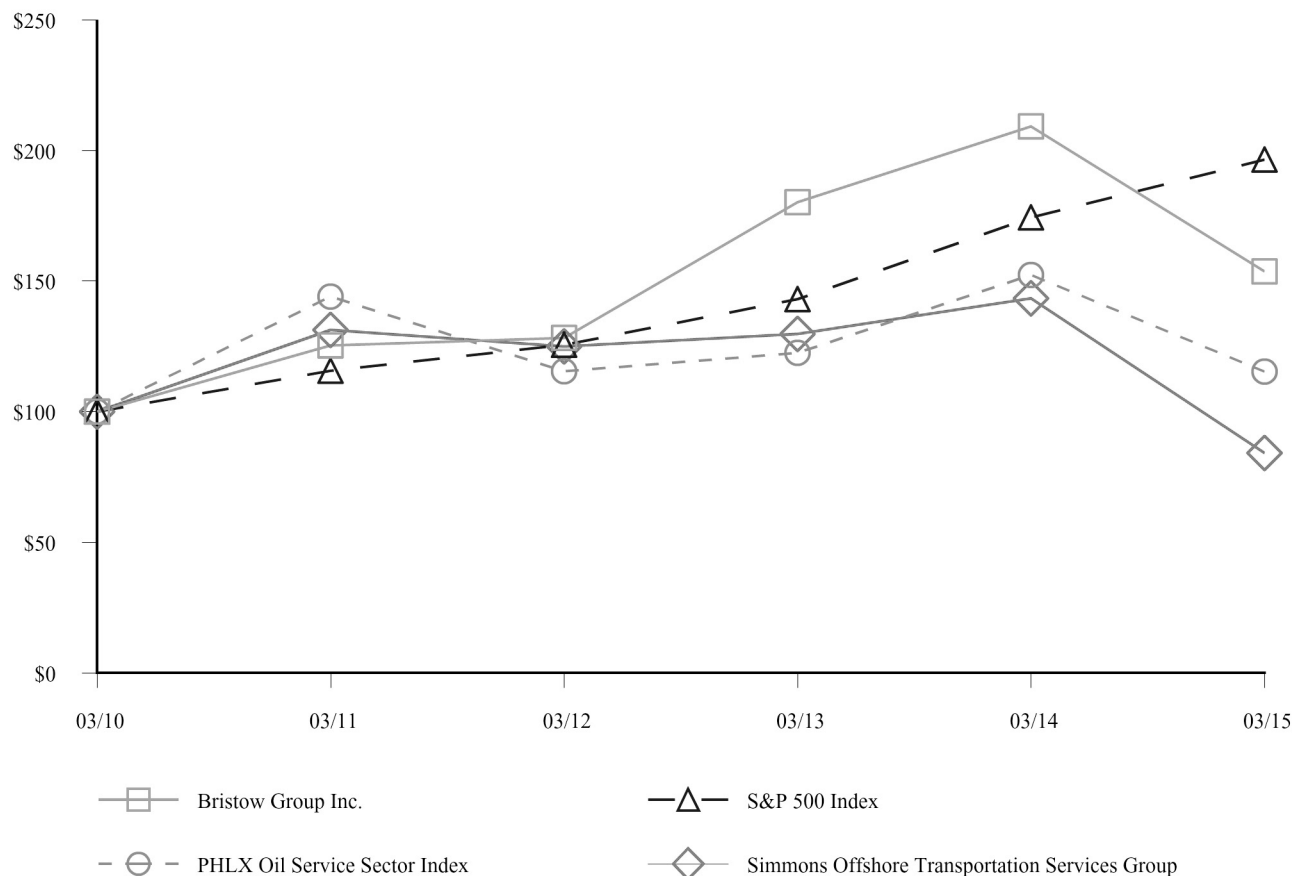
Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Program <sup>(1)</sup>	Maximum Number (or Approximate Dollar Value) of Shares That May Yet Be Purchased Under the Plans or Programs <sup>(1)</sup>
January 1, 2015 - March 31, 2015.....	—	\$ —	—	\$ 125,000,047

<sup>(1)</sup> On November 6, 2014, we announced that our board of directors had extended the date to repurchase shares of our Common Stock through November 5, 2015 and increased the authorized repurchase amount to \$150 million. During fiscal year 2015, we spent \$80.8 million to repurchase 1,160,940 shares of our Common Stock. As of May 15, 2015, we had \$125.0 million of repurchase authority remaining from the \$150 million that was authorized for share repurchases between November 6, 2014 to November 5, 2015. The timing and method of any repurchases under the program will depend on a variety of factors, is subject to our results of operations, financial condition, cash requirements, and other factors and restrictions under applicable law, and our debt agreements, and may be suspended or discontinued at any time.



The following graph compares the cumulative 5-year total shareholder return on our Common Stock relative to the cumulative total returns of the S&P 500 index, the PHLX Oil Service Sector index and the Simmons Offshore Transportation Services Group. We have included the Simmons Offshore Transportation Services Group as management reviews this data internally and believes that this comparison is most representative to our peer group. The graph assumes that the value of the investment in our Common Stock and in each of the indices (including reinvestment of dividends) was \$100 on March 31, 2010 and tracks it through March 31, 2015.

**COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN\***  
 Among Bristow Group Inc., the S&P 500 Index, the PHLX Oil Service Sector Index,  
 and the Simmons Offshore Transportation Services Group



\*\$100 invested on 3/31/10 in stock or index, including reinvestment of dividends.  
 Fiscal year ending March 31.

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	March 31, 2010	March 31, 2011	March 31, 2012	March 31, 2013	March 31, 2014	March 31, 2015
Bristow Group Inc.	100.00	125.36	128.23	180.13	209.21	153.64
S&P 500 Index	100.00	115.65	125.52	143.05	174.31	196.51
PHLX Oil Service Sector Index	100.00	144.09	115.49	122.53	152.38	115.35
Simmons Offshore Transportation Services Group	100.00	131.30	124.94	129.80	143.37	84.18

## Item 6. Selected Financial Data

The following table contains our selected historical consolidated financial data. You should read this table along with Item 7. “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our Consolidated Financial Statements and the related notes thereto, all of which are included elsewhere in this Annual Report.

	Fiscal Year Ended March 31,				
	2015 <sup>(1)</sup>	2014 <sup>(2)</sup>	2013 <sup>(3)</sup>	2012 <sup>(4)</sup>	2011 <sup>(5)</sup>
	(In thousands, except per share data)				
Statement of Income Data: <sup>(6)</sup>					
Gross revenue .....	\$ 1,858,669	\$ 1,669,582	\$ 1,508,473	\$ 1,341,803	\$ 1,232,808
Net income attributable to Bristow Group.....	\$ 84,300	\$ 186,737	\$ 130,102	\$ 63,530	\$ 132,315
Basic earnings per common share .....	\$ 2.40	\$ 5.15	\$ 3.61	\$ 1.76	\$ 3.67
Diluted earnings per common share .....	\$ 2.37	\$ 5.09	\$ 3.57	\$ 1.73	\$ 3.60
Cash dividends declared per share.....	\$ 1.28	\$ 1.00	\$ 0.80	\$ 0.60	\$ —
	March 31,				
	2015	2014	2013	2012	2011
	(In thousands)				
Balance Sheet Data: <sup>(6)</sup>					
Total assets.....	\$ 3,230,720	\$ 3,398,257	\$ 2,950,692	\$ 2,740,363	\$ 2,675,354
Long-term obligations <sup>(7)</sup> .....	\$ 864,422	\$ 841,302	\$ 787,269	\$ 757,245	\$ 718,836

<sup>(1)</sup> Results for fiscal year 2015 include a gain on the sale of HCA of \$3.9 million (\$2.5 million, net of tax), a \$7.2 million (\$5.7 million, net of tax) write-down of inventory spare parts to the lower of cost or market value and \$10.4 million (\$8.0 million, net of tax) in additional depreciation due to fleet changes. Additional discussion of these items and other significant items in fiscal year 2015 is included under Item 7. “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Executive Overview — Overview of Operating Results — Fiscal Year 2015 Compared to Fiscal Year 2014” included elsewhere in this Annual Report.

<sup>(2)</sup> Results for fiscal year 2014 include a gain on the sale of the FB Entities of \$103.9 million (\$67.9 million, net of tax), \$12.7 million (\$8.3 million net of tax) in charges related to the cancellation of a potential financing, a \$12.7 million (\$10.1 million, net of tax) write-down of inventory spare parts to the lower of cost or market value and \$13.6 million (\$8.8 million, net of tax) in lower earnings from Lider resulting primarily from a tax amnesty payment Lider made to the Brazilian government. Additional discussion of these items and other significant items in fiscal year 2014 is included under Item 7. “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Executive Overview — Overview of Operating Results — Fiscal Year 2015 Compared to Fiscal Year 2014” included elsewhere in this Annual Report.

<sup>(3)</sup> Results for fiscal year 2013 include a gain on disposal of assets of \$8.1 million (\$6.4 million, net of tax) and the retirement of our 7 ½% Senior Notes (redemption premium and write-off of deferred financing costs) of \$14.9 million (\$11.4 million, net of tax). Additional discussion of these items and other significant items in fiscal year 2013 is included under Item 7. “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Executive Overview — Overview of Operating Results — Fiscal Year 2014 Compared to Fiscal Year 2013” included elsewhere in this Annual Report.

<sup>(4)</sup> Results for fiscal year 2012 include a loss on disposal of assets of \$31.7 million (\$26.0 million, net of tax), a \$25.9 million (\$18.5 million, net of tax) write-down of inventory spare parts to lower of cost or market value, an impairment charge of \$2.7 million (\$2.7 million, net of tax) for two medium aircraft, a \$2.7 million (\$1.7 million, net of tax) impairment charge resulting from the abandonment of certain assets located in Creole, Louisiana as we ceased operations from that location, \$2.1 million (\$1.4 million, net of tax) in direct costs associated with the sale of 11 AS332L aircraft and \$0.8 million in tax expense related to various tax items.

<sup>(5)</sup> Results for fiscal year 2011 include additional depreciation expense of \$5.3 million (\$3.4 million, net of tax) as a result of the impairment of previously capitalized internal software costs as the related project was abandoned, \$2.3 million (\$1.5 million, net of tax) redemption premium (included in other income (expense), net) and the non-cash write-off of \$2.4 million (\$1.6 million, net of tax) of unamortized debt issuance costs (included in interest expense) related to the early retirement of the 6 1/8% Senior Notes and a reduction in the provision of income taxes of \$17.7 million related to adjustments to deferred tax liabilities that were no longer required as a result of restructuring during fiscal year 2011.

<sup>(6)</sup> Results of operations and financial position of companies that we have acquired have been included beginning on the respective dates of acquisition and include Airnorth (January 2015), Eastern Airways (February 2014) and Rotorwing Leasing Resources, L.L.C. (“RLR”) (July 2011). Amounts also include our investment in Cougar (October 2012). On July 14, 2013, we sold our 50% interest in the FB Entities and on November 21, 2014, we sold our 50% interest in HCA.

<sup>(7)</sup> Includes long-term debt, current maturities of long-term debt and a capital lease obligation.

## **Item 7. 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 "Forward-Looking Statements," Item 1A. "Risk Factors" and our Consolidated Financial Statements for fiscal years 2015, 2014 and 2013, and the related notes thereto, all of which are included elsewhere in this Annual Report.

### **Executive Overview**

This Executive Overview only includes what management considers to be the most important information and analysis for evaluating our financial condition and operating performance. It provides the context for the discussion and analysis of the financial information that follows and does not disclose every item impacting our financial condition and operating performance.

See discussion of our business and the operations within our Helicopter Services Segment under Part I. Item 1. "Business — Overview" included elsewhere in this Annual Report.

### **Our Strategy**

Our goal is to strengthen our position as the leading helicopter services provider to the offshore energy industry and a leading helicopter services provider for civilian SAR and to pursue additional business opportunities that leverage our strengths in these markets. We intend to employ the following well defined business/commercial and capital allocation strategies to achieve this goal:

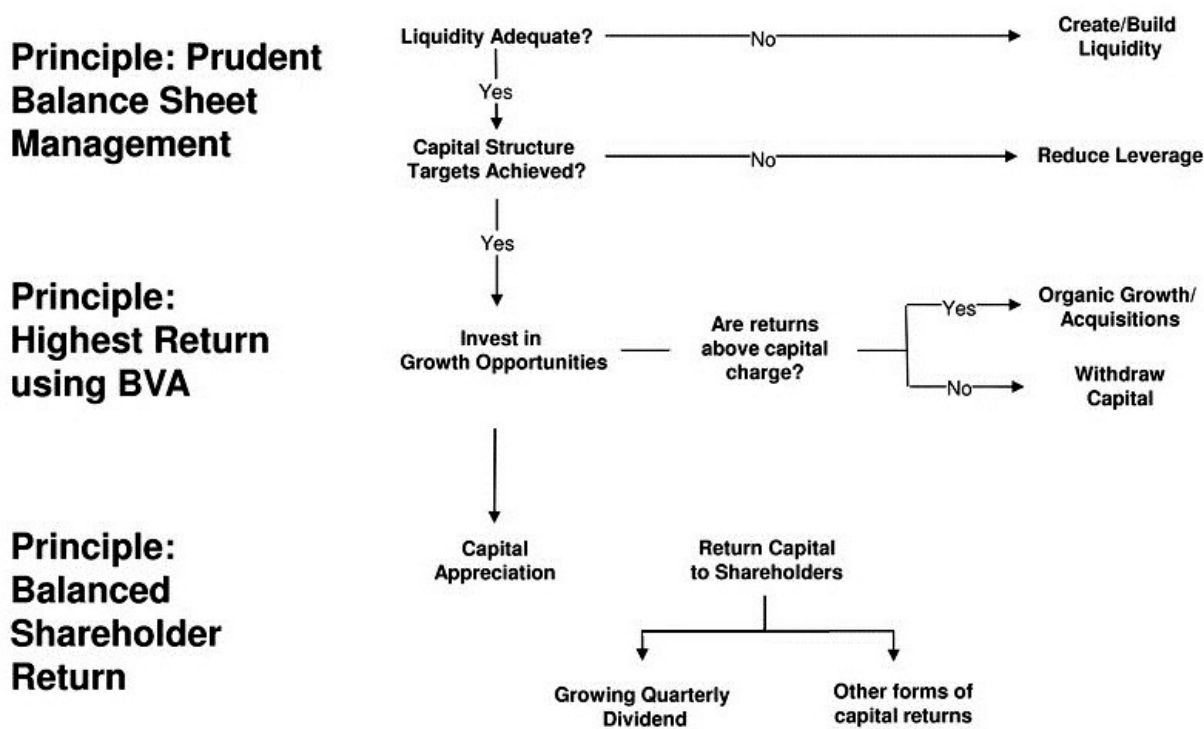
#### *Business/Commercial Strategy*

- *Be the preferred provider of helicopter services.* We are positioned in the market to be the preferred provider of helicopter services by maintaining strong relationships with our clients and providing a high level of safety and operating reliably. This differentiation is maintained because of our resolute focus on our cornerstone philosophy of "Target Zero Accidents", "Target Zero Downtime" and "Target Zero Complaints" allowing us to achieve "Operational Excellence." Operational Excellence means we maintain close relationships with field operations, corporate management and contacts at our oil and gas clients and governmental agencies which we believe help us better anticipate client needs and provide them a highly reliable service. We provide our clients operational predictability by positioning the right assets in the right place at the right time repeatedly. This in turn allows us to better manage our fleet utilization and capital investment program and drive internal efficiencies. By better understanding and delivering on our clients' needs, we effectively compete against other helicopter service providers with better aircraft optionality, client service, and reliability, not just on price and safety. In October 2014, we along with five major helicopter operators formally launched HeliOffshore. HeliOffshore is an industry organization whose goal is to enhance the already strong safety record of the offshore helicopter industry by sharing best practices in automation, performance monitoring, operating procedures, and advanced technology to establish common global flight standards. We believe this will make our sector a sustainably reliable and dependable logistics option for the oil and gas industry.
- *Grow our business while managing our assets.* We plan to continue to grow our business globally and increase our revenue and profitability over time, while managing through cyclical downturns in the energy industry or governmental spending reductions or modifications. We conduct flight operations in most major oil and gas producing regions of the world, and through our strong relationships with our existing clients, we are aware of future business opportunities in the markets we currently serve that would allow us to grow through new contracts. Additionally, new opportunities may result in growth through acquisitions, participation with existing unconsolidated affiliates, investing in new companies, or creating partnerships and alliances with existing industry participants or in new sectors of the air transport industry. We are also actively managing our aircraft fleet with the expressed goal of continually renewing the fleet with newer technology aircraft, while also reducing the number of fleet types we operate. We expect that a reduction in the number of fleet types we operate will allow us to realize operating, maintenance, inventory and supply chain efficiencies across a more standardized global fleet of aircraft.

- Sustaining Operational Excellence.* We continue to invest in operations transformation across our organization, with the goal of developing and sustaining industry differentiation through Operational Excellence. We define our objective of ongoing improvement across four strategic areas: client alignment, operational excellence, exceptional people and profitable growth. We strive for the highest standards in safety performance, mission execution, people management and financial discipline. To sustain client confidence, we have created the role of Service Delivery Manager in each of our business units. We have also appointed a number of global account and business development executives to support our drive to deliver Operational Excellence to our clients. We are also working to improve operational performance by creating global supply chain and fleet management groups. We are in the process of further standardizing, simplifying and integrating our business processes across our global operations so we can better provide more consistent and high quality service delivery. We are investing in two new technology platforms, eFlight and a new ERP platform, to support flight operations and activities such as finance, supply chain and maintenance. The expected benefits of these efforts in addition to a scalable platform for growth include fewer process steps, decreased cost, better maintenance turnaround, minimization of aircraft downtime, faster billing and collections, reduced inventory levels and lower risk exposure, which should lead to improved margins, asset turnover, cash flow and Bristow Value Added (“BVA”). We expect the technology execution portion of operational excellence to not only improve our differentiated position with our clients but also reduce risk and reinforce our targeted 10-15% adjusted diluted earnings per share growth over a three to five year period through BVA and earnings per share accretion.

### Capital Allocation Strategy

Our capital allocation strategy is based on three principles as follows:



- Prudent balance sheet management.* Throughout our corporate and business unit management, we proactively manage our capital allocation plan with a focus on achieving business growth and improving rates of return, within the dictates of prudent balance sheet management. In addition to cash flow generated from operations, we intend to maintain adequate liquidity and manage our capital structure relative to our commitments with external financings when necessary and through the use of operating leases for a target of 35% of our LACE. The target recognizes that we will have variability above or below the target of approximately 5% of our LACE due to timing of leases, purchases, disposals and lease terminations. As of March 31, 2015, aircraft under operating leases accounted for 37% of our LACE. Our adjusted debt to total equity ratio and total liquidity were 99.7% and \$369.9 million, respectively, as of March 31, 2015 compared to 76.4% and \$529.9 million, respectively, as of March 31, 2014. Adjusted debt includes balance sheet debt of \$864.4 million and \$841.3 million, respectively, the net present value of operating leases of \$640.0 million and \$411.6 million,

respectively, letters of credit, bank guarantees and financial guarantees of \$10.7 million and \$2.7 million, respectively, and the unfunded pension liability of \$99.6 million and \$86.8 million, respectively, as of March 31, 2015 and 2014.

- *Highest return of BVA.* Our internal financial management framework, called BVA, focuses on the returns we deliver across our organization. BVA is a financial performance measure that we use to measure gross cash flow less a capital charge, assumed to be 10.5% of the use of gross invested capital employed. Our goal is to achieve strong improvements in BVA over time by (1) improving the cash returns we earn throughout our organization via Operational Excellence initiatives and capital efficiency improvements as well as through better pricing based on the differentiated value we deliver to clients via the Bristow Client Promise program; (2) deploying more capital into commercial opportunities where management believes we can deliver strong returns and when we believe it will benefit us and our shareholders, including making strategic acquisitions or strategic equity investments; and (3) withdrawing capital from areas where returns are deemed inadequate and unable to be sufficiently improved. When appropriate, we may divest parts of the Company. Improvements in BVA are the primary financial measure in our management incentive plan, which is designed to align the interests of management with shareholders and also encourages management actions that increase the long-term value of the Company.
- *Balanced shareholder return.* We believe our liquidity position and cash flows from operations will be adequate to finance operating and maintenance expenditures, so we have matched our capital deployment alternatives for the current business environment to deliver a more balanced return to our shareholders. On May 15, 2015, our board of directors approved a dividend of \$0.34 per share, our seventeenth consecutive quarterly dividend. On August 1, 2013, our board of directors approved a dividend policy with a goal of an annualized quarterly dividend payout ratio of approximately 20-30% of forward adjusted earnings per share, although actual dividend payments are at the discretion of the board of directors and may not meet or may exceed this ratio. Also, our board of directors has authorized expenditures to repurchase shares of Common Stock since November 2011. On November 6, 2014, our board of directors extended the date to repurchase shares of our Common Stock through November 5, 2015 and increased the remaining authorized repurchase amount to a total of \$150 million, of which \$125 million remains authorized. As of May 15, 2015, we had repurchased 2,756,419 shares of our Common Stock for a total of \$184.8 million since 2011. For additional information on our repurchases of Common Stock, see “Share Repurchases” in Note 10 to the financial statements elsewhere in this Annual Report. The timing and method of any repurchases under the program will depend on a variety of factors, is subject to our results of operations, financial condition, cash requirements and other factors and restrictions under applicable law and our debt instruments, and may be suspended or discontinued at any time.

### **Market Outlook**

Our core business is providing helicopter services to the worldwide oil and gas industry. We also provide public and private sector SAR services and fixed wing services. Our global operations and critical mass of helicopters provide us with geographic and client diversity which helps mitigate risks associated with a single market or client.

The oil and gas business environment experienced a downturn during fiscal year 2015. Brent crude oil prices declined from approximately \$106 per barrel at July 1, 2014 to \$48 per barrel at March 31, 2015, driven by increased global supply of crude oil and forecasts for reduced demand for crude oil resulting from weaker global economic growth in many regions of the world. We believe the oil price decline will negatively impact the cash flow of our clients and lead many of them to reduce capital expenditures in calendar 2015 compared to 2014 levels, negatively impacting exploration and development drilling activity during 2015. Many of our clients have already reduced capital spending plans and implemented measures to reduce costs. However, we believe the current price environment will have less impact on offshore production than offshore exploration activity of our clients during 2015. We believe that the total duration of this current market slowdown will last between 18 to 36 months. Although the largest share of our revenue relates to oil and gas production and our largest contract, U.K. SAR, is not tied to declining oil prices, the March 31, 2015 price of crude oil and further declines against this price could result in the rescaling, delay or cancellation of planned offshore projects which could impact our operations in future periods.

The SAR market is continuing to evolve and we believe further outsourcing of public SAR services to the private sector will continue, although the timing of these opportunities is uncertain. The clients for our SAR services include both the oil and gas industry, where our revenue is primarily dependent upon the client’s operating expenditures, and governmental agencies, where our revenue is dependent upon the country’s desire to privatize SAR and enter into long-term contracts. Public SAR service opportunities include previously awarded work involving seven aircraft for the U.K. Gap SAR contract, five aircraft in Ireland, two aircraft in the Dutch Antilles, 18 additional aircraft for the U.K. SAR contract awarded to us and four aircraft for the Falklands. We are also pursuing other public and oil and gas SAR opportunities for multiple aircraft in various areas including Australia, Brazil, Canada, Greenland, the Mediterranean, Nigeria, Norway and Trinidad, and other countries have indicated an interest in outsourcing SAR services. We are also pursuing other non-SAR government aircraft logistics opportunities.

As discussed above, we continue to seek ways to operate more efficiently and work with our clients to improve the efficiency of their operations within our “Operational Excellence” strategy. These efficiency gains, combined with strong demand, should lead to expansion of our business in some of our core markets.

#### *Recent Events*

*Airnorth acquisition* — On January 29, 2015, Bristow Helicopters Australia Pty Ltd. (“Bristow Helicopters Australia”) acquired an 85% interest in Capiteq Limited, operating under the name Airnorth, for cash of A\$30.3 million (\$24.0 million), with possible earn out consideration of up to A\$17 million (\$13.0 million) to be paid over four years based on the achievement in part on the achievement of specified financial performance thresholds and continued employment by the selling shareholders. Airnorth is Northern Australia’s largest regional fixed wing operator based in Darwin, Northern Territory, Australia with both scheduled and charter services which focus primarily on the energy and mining industries in northern and western Australia as well as international service to Dili, Timor-Leste. Airnorth’s fleet consists of thirteen aircraft (nine turboprop and four new technology regional jets) and its customer base includes many energy companies to which Bristow Group already provides helicopter service. We believe this investment will strengthen our ability to provide point to point transportation services for existing Australian based passengers, expand helicopter services in certain areas in Southeast Asian markets and create a more integrated logistics solution for global clients.

The acquisition of Airnorth was accounted for under the purchase method and the results have been consolidated from the date of acquisition in the Australia business unit. The purchase price will be allocated based on the fair value of assets acquired and liabilities assumed as of the acquisition date.

We expect this acquisition will contribute approximately A\$105-A\$115 million (\$83-\$91 million) in operating revenue and A\$25-A\$30 million (\$20-\$24 million) of adjusted EBITDAR for fiscal year 2016.

*Impact of fleet changes* — The management of our global aircraft fleet involves a careful evaluation of the expected demand for helicopter services across global energy markets, including the type of aircraft needed to meet this demand. As offshore oil and gas drilling and production globally moves to deeper water, more medium and large aircraft and newer technology aircraft may be required. As older aircraft models come off of current contracts and are replaced by new aircraft, our management evaluates our future needs for these aircraft models and ultimately the ability to recover our remaining investments in these aircraft through sales into the aftermarket. We depreciate our aircraft over their expected useful life to the expected salvage value to be received for the aircraft at the end of that life. However, depending on the market for aircraft or changes in the expected future use of aircraft within our fleet, we may record gains or losses on aircraft sales, impairment charges for aircraft operating or held for sale, or accelerate or increase depreciation on aircraft used in our operations. In certain instances where a cash return can be made on newer aircraft in excess of the expected return available through the provision of helicopter services, we may sell newer aircraft. The number of aircraft sales and the amount of gains and losses recorded on these sales is unpredictable. While aircraft sales are common in our business and are reflected in our operating results, gains and losses on aircraft sales may result in our operating results not reflecting the ordinary operating performance of our primary business, which is providing aircraft services to our clients. The gains and losses on aircraft sales and any impairment charges are not included in the calculation of adjusted EBITDAR, adjusted earnings per share or gross cash flows for purposes of calculating BVA.

As part of an ongoing process to rationalize and simplify our global fleet of helicopters, during fiscal year 2014 we implemented a plan to reduce the number of aircraft types in our fleet to eight model types in approximately five years and six model types in approximately ten years. During fiscal year 2014, we completed our exit from five model types and in fiscal year 2015 we completed our exit from four model types while adding two model types. As we modernize our fleet, the introduction of new technology aircraft types temporarily slows fleet type reduction. We have recently added two new fleet types, the AgustaWestland AW189 large aircraft and Sikorsky S-76D medium aircraft. This is the first time in six years that we have introduced a new aircraft type into our fleet. These aircraft and other new technology models will comprise our target service offering as we reduce the overall number of aircraft in our fleet in the upcoming years.

During fiscal year 2015, we recorded impairment charges totaling \$36.1 million related to 27 aircraft included in assets held for sale. Included in the impairment charges were \$24.5 million recorded during the three months ended December 31, 2014 related to ten large aircraft as a result of negotiations associated with the disposal of all 17 of this aircraft type in our fleet. During the three months ended March 31, 2015, we completed the disposal of 13 of these aircraft and recorded an additional loss of \$6.4 million. Additionally, as we expect to complete the disposal of the remaining four aircraft of this type still operating in Australia in fiscal year 2016, we adjusted the salvage value and recorded additional depreciation expense of \$6.2 million during the three months ended March 31, 2015. We also expect to record additional depreciation expense of \$6.2 million during the three months ended June 30, 2015 in Australia related to these remaining aircraft. Also, included in the impairment charges was \$4.3 million related to three medium prototype aircraft included in assets held for sale. We entered into an agreement in April 2015 to sell these three aircraft and purchase fully developed/non-prototype aircraft.

The limited availability of some new aircraft models and the need throughout the industry to retire many of the older aircraft in the worldwide fleet is a driver for our industry.

### *Selected Regional Perspectives*

Brazil continues to represent a significant part of our helicopter growth outlook. The growth expected in the pre-salt deepwater fields in Brazil will necessitate investment in infrastructure and associated services, particularly the addition of more offshore drilling rigs and production platforms which will require additional helicopters for support. Helicopters procured for this market tend to be newer and more sophisticated which is aligned with both our “Operational Excellence” and Líder’s “Decolar” service differentiation programs. Continuing their fleet growth plan, Petrobras released new tenders for multiple medium and large aircraft expected to commence in the second half of calendar year 2015 and continue into calendar year 2016. In addition, recent new licensing rounds have been very well attended and several international oil companies have gained new blocks which should result in additional aircraft demand beyond the Petrobras requirements in the future. Petrobras represented 60% of Líder’s operating revenue in fiscal year 2015. Certain executives at Petrobras are the subject of ongoing investigations into alleged compliance violations, which may delay new contracts in Brazil.

Additionally, Líder also has significant business in the general aviation sector and previously announced that it had secured a new position as the exclusive dealer for Bombardier jet aircraft sales in Brazil. This is expected to add to Líder’s aircraft sales business and supplement Líder’s Beechcraft turboprop dealership position.

As expected, Líder’s operations performed better during fiscal year 2014 and into fiscal year 2015 as new aircraft began operating; however, currency fluctuations continue to make it difficult to predict the earnings from our Líder investment. These currency fluctuations, which primarily do not impact Líder’s cash flow from operations, had a significant negative impact on Líder’s results in fiscal years 2014 and 2015, impacting our earnings from unconsolidated affiliates. Earnings from unconsolidated affiliates, net of losses, on our consolidated statements of income, is included in calculating adjusted EBITDAR and adjusted net income.

We are subject to competition and the political environment in the countries where we operate. In Nigeria, we have seen an increase in competitive pressure and the application of existing local content regulations that could impact our ability to win future work at levels previously anticipated. In order to properly and fully embrace new regulations, we have made a number of key changes to our operating model in Nigeria, while maintaining safety as our number one priority at all times. The objectives of these changes being (a) enhancing the level of continued compliance by each of Bristow Helicopters Nigeria Ltd. (“BHNL”) and Pan African Airlines Nigeria Ltd. (“PAAN”) with local content regulations, (b) providing technical aviation maintenance services through a wholly-owned Bristow Group entity, BGI Aviation Technical Services Nigeria Limited (“BATS”), and (c) each of BHNL, PAAN and BATS committing to continue to apply and use all key Bristow Group standards and policies, including without limitation our Target Zero safety program, our Code of Business Integrity and our Operations Manuals. As a result of these changes, our ability to continue to consolidate BHNL and PAAN under the current accounting requirements could change.

We recognize that the operating environment for our North America business unit has been challenging given our fleet mix, and so we have been proactively restructuring our business by exiting the Alaska aircraft market, with a long-term strategy of operating larger aircraft to service Gulf of Mexico deepwater client contracts. During fiscal years 2015 and 2014, respectively, we recorded \$1.6 million and \$3.4 million in costs associated with restructuring our North America business unit which related primarily to employee severance and retention costs.

We conduct business in various foreign countries, and as such, our cash flows and earnings are subject to fluctuations and related risks from changes in foreign currency exchange rates. During fiscal year 2015, our primary foreign currency exposure was related to the British pound sterling, the euro, the Australian dollar, the Nigerian naira, the Norwegian kroner and the Brazilian real. The recent strengthening of the U.S. dollar had a significant impact on our results as discussed under “– Results of Operations” below. For details on this exposure and the related impact on our results of operations, see “Item 7A. Quantitative and Qualitative Disclosures about Market Risk” and Note 1 in the “Notes to Consolidated Financial Statements” included elsewhere in this Annual Report.

## Overview of Operating Results

The following table presents our operating results and other statement of income information for the applicable periods:

	Fiscal Years Ended March 31,		Favorable (Unfavorable)	
	2015	2014		
(In thousands, except per share amounts, percentages and flight hours)				
Gross revenue:				
Operating revenue .....	\$ 1,726,987	\$ 1,516,326	\$ 210,661	13.9 %
Reimbursable revenue .....	131,682	153,256	(21,574)	(14.1)%
Total gross revenue .....	<u>1,858,669</u>	<u>1,669,582</u>	<u>189,087</u>	11.3 %
Operating expense:				
Direct cost .....	1,174,991	1,041,575	(133,416)	(12.8)%
Reimbursable expense .....	124,566	144,557	19,991	13.8 %
Impairment of inventories .....	7,167	12,669	5,502	43.4 %
Depreciation and amortization .....	114,293	95,977	(18,316)	(19.1)%
General and administrative .....	254,158	199,814	(54,344)	(27.2)%
	<u>1,675,175</u>	<u>1,494,592</u>	<u>(180,583)</u>	(12.1)%
Loss on disposal of assets .....	(35,849)	(722)	(35,127)	*
Earnings from unconsolidated affiliates, net of losses.....	<u>(1,771)</u>	<u>12,709</u>	<u>(14,480)</u>	(113.9)%
Operating income .....	145,874	186,977	(41,103)	(22.0)%
Interest expense, net.....	(29,354)	(43,218)	13,864	32.1 %
Extinguishment of debt .....	(2,591)	—	(2,591)	*
Gain on sale of unconsolidated affiliates .....	3,921	103,924	(100,003)	(96.2)%
Other income (expense), net .....	<u>(6,377)</u>	<u>(2,692)</u>	<u>(3,685)</u>	(136.9)%
Income before provision for income taxes.....	111,473	244,991	(133,518)	(54.5)%
Provision for income taxes.....	<u>(22,766)</u>	<u>(57,212)</u>	<u>34,446</u>	60.2 %
Net income .....	88,707	187,779	(99,072)	(52.8)%
Net income attributable to noncontrolling interests.....	<u>(4,407)</u>	<u>(1,042)</u>	<u>(3,365)</u>	(322.9)%
Net income attributable to Bristow Group .....	<u>\$ 84,300</u>	<u>\$ 186,737</u>	<u>\$ (102,437)</u>	(54.9)%
Diluted earnings per common share.....	\$ 2.37	\$ 5.09	\$ (2.72)	(53.4)%
Operating margin <sup>(1)</sup> .....	8.4%	12.3%	(3.9)%	(31.7)%
Flight hours <sup>(2)</sup> .....	208,813	195,400	13,413	6.9 %
Non-GAAP financial measures: <sup>(3)</sup>				
Adjusted operating income .....	\$ 210,564	\$ 233,459	\$ (22,895)	(9.8)%
Adjusted operating margin <sup>(1)</sup> .....	12.2%	15.4%	(3.2)%	(20.8)%
Adjusted EBITDAR .....	\$ 473,824	\$ 433,656	\$ 40,168	9.3 %
Adjusted EBITDAR margin <sup>(1)</sup> .....	27.4%	28.6%	(1.2)%	(4.2)%
Adjusted net income .....	\$ 133,963	\$ 163,176	\$ (29,213)	(17.9)%
Adjusted diluted earnings per share .....	\$ 3.77	\$ 4.45	\$ (0.68)	(15.3)%



	Fiscal Years Ended March 31,		Favorable (Unfavorable)	
	2014	2013		
(In thousands, except per share amounts, percentages and flight hours)				
Gross revenue:				
Operating revenue .....	\$ 1,516,326	\$ 1,344,015	\$ 172,311	12.8 %
Reimbursable revenue .....	153,256	164,458	(11,202)	(6.8)%
Total gross revenue .....	<u>1,669,582</u>	<u>1,508,473</u>	<u>161,109</u>	10.7 %
Operating expense:				
Direct cost .....	1,041,575	900,378	(141,197)	(15.7)%
Reimbursable expense .....	144,557	157,416	12,859	8.2 %
Impairment of inventories .....	12,669	—	(12,669)	*
Depreciation and amortization .....	95,977	96,284	307	0.3 %
General and administrative .....	199,814	163,389	(36,425)	(22.3)%
	<u>1,494,592</u>	<u>1,317,467</u>	<u>(177,125)</u>	(13.4)%
Gain (loss) on disposal of assets .....	(722)	8,068	(8,790)	(108.9)%
Earnings from unconsolidated affiliates, net of losses.....	12,709	25,070	(12,361)	(49.3)%
Operating income .....	186,977	224,144	(37,167)	(16.6)%
Interest expense, net.....	(43,218)	(41,658)	(1,560)	(3.7)%
Extinguishment of debt .....	—	(14,932)	14,932	*
Gain on sale of unconsolidated affiliate .....	103,924	—	103,924	*
Other income (expense), net .....	(2,692)	(877)	(1,815)	(207.0)%
Income before provision for income taxes.....	244,991	166,677	78,314	47.0 %
Provision for income taxes.....	(57,212)	(35,002)	(22,210)	(63.5)%
Net income .....	187,779	131,675	56,104	42.6 %
Net income attributable to noncontrolling interests.....	(1,042)	(1,573)	531	33.8 %
Net income attributable to Bristow Group .....	<u>\$ 186,737</u>	<u>\$ 130,102</u>	<u>\$ 56,635</u>	43.5 %
Diluted earnings per common share.....	\$ 5.09	\$ 3.57	\$ 1.52	42.6 %
Operating margin <sup>(1)</sup> .....	12.3%	16.7%	(4.4)%	(26.3)%
Flight hours <sup>(2)</sup> .....	195,400	207,149	(11,749)	(5.7)%
Non-GAAP financial measures: <sup>(3)</sup>				
Adjusted operating income .....	\$ 233,459	\$ 217,348	\$ 16,111	7.4 %
Adjusted operating income margin <sup>(1)</sup> .....	15.4%	16.2%	(0.8)%	(4.9)%
Adjusted EBITDAR.....	\$ 433,656	\$ 380,966	\$ 52,690	13.8 %
Adjusted EBITDAR margin <sup>(1)</sup> .....	28.6%	28.3%	0.3 %	1.1 %
Adjusted net income .....	\$ 163,176	\$ 137,846	\$ 25,330	18.4 %
Adjusted diluted earnings per share .....	\$ 4.45	\$ 3.78	\$ 0.67	17.7 %

\* percentage change not meaningful

<sup>(1)</sup> Operating margin is calculated as operating income divided by operating revenue. Adjusted operating margin is calculated as adjusted operating income divided by operating revenue. Adjusted EBITDAR margin is calculated as adjusted EBITDAR divided by operating revenue.

- (2) Excludes flight hours from Bristow Academy and unconsolidated affiliates and includes flight hours from our fixed wing operations in the U.K. and Australia for fiscal years 2015 and 2014 totaling 29,663 and 4,107, respectively.
- (3) These financial measures have not been prepared in accordance with generally accepted accounting principles (“GAAP”) and have not been audited or reviewed by our independent registered public accounting firm. These financial measures are therefore considered non-GAAP financial measures. Adjusted EBITDAR is calculated by taking our net income and adjusting for interest expense, depreciation and amortization, rent expense (included as components of direct cost and general and administrative expense), provision for income taxes, gain (loss) on disposal of assets and any special items during the reported periods. See further discussion of our use of the adjusted EBITDAR metric below. Adjusted operating income, adjusted net income and adjusted diluted earnings per share are each adjusted for gain (loss) on disposal of assets and any special items during the reported periods. As discussed below, management believes these non-GAAP financial measures provide meaningful supplemental information regarding our results of operations. A description of the adjustments to and reconciliations of these non-GAAP financial measures to the most comparable GAAP financial measures is as follows:

	<b>Fiscal Year Ended March 31,</b>		
	<b>2015</b>	<b>2014</b>	<b>2013</b>
	<b>(In thousands, except per share amounts)</b>		
Adjusted operating income .....	\$ 210,564	\$ 233,459	\$ 217,348
Gain (loss) on disposal of assets .....	(35,849)	(722)	8,068
Special items <sup>(i)</sup> .....	(28,841)	(45,760)	(1,272)
Operating income .....	<u>\$ 145,874</u>	<u>\$ 186,977</u>	<u>\$ 224,144</u>
Adjusted EBITDAR .....	\$ 473,824	\$ 433,656	\$ 380,966
Gain (loss) on disposal of assets .....	(35,849)	(722)	8,068
Special items <sup>(i)</sup> .....	(17,132)	58,740	(16,204)
Depreciation and amortization .....	(114,293)	(95,977)	(96,284)
Rent expense .....	(164,767)	(105,769)	(67,423)
Interest expense .....	(30,310)	(44,938)	(42,446)
Provision for income taxes .....	(22,766)	(57,211)	(35,002)
Net income .....	<u>\$ 88,707</u>	<u>\$ 187,779</u>	<u>\$ 131,675</u>
Adjusted net income .....	\$ 133,963	\$ 163,176	\$ 137,846
Gain (loss) on disposal of assets <sup>(ii)</sup> .....	(28,528)	(574)	6,373
Special items <sup>(i) (ii)</sup> .....	(21,135)	24,135	(14,117)
Net income attributable to Bristow Group .....	<u>\$ 84,300</u>	<u>\$ 186,737</u>	<u>\$ 130,102</u>
Adjusted diluted earnings per share .....	\$ 3.77	\$ 4.45	\$ 3.78
Gain (loss) on disposal of assets <sup>(ii)</sup> .....	(0.80)	(0.02)	0.17
Special items <sup>(i) (ii)</sup> .....	(0.59)	0.66	(0.39)
Diluted earnings per share .....	2.37	5.09	3.57

<sup>(i)</sup> See information about special items during fiscal years 2015, 2014 and 2013 under “Fiscal Year 2015 Compared to Fiscal Year 2014” and “Fiscal Year 2014 Compared to Fiscal Year 2013” below.

<sup>(ii)</sup> These amounts are presented after applying the appropriate tax effect to each item and dividing by the weighted average shares outstanding during the related period to calculate the earnings per share impact.

Management believes that adjusted operating income, adjusted EBITDAR, adjusted net income and adjusted diluted earnings per share (collectively, the “Non-GAAP measures”) provide relevant and useful information, which is widely used by analysts, investors and competitors in our industry as well as by our management in assessing both consolidated and business unit performance.

Adjusted operating income provides us with an understanding of the results from the primary operations of our business by excluding asset disposition effects and special items that do not reflect the ordinary earnings of our operations. We believe that this measure is a useful supplemental measure because operating income includes asset disposition effects and special items, and inclusion of these items does not reflect the ongoing operational earnings of our business.

Adjusted EBITDAR provides us with an understanding of one aspect of earnings before the impact of investing and financing transactions and income taxes. Additionally, we believe that adjusted EBITDAR provides us with a useful supplemental measure of our operational performance by excluding the financing decisions we make regarding aircraft purchases or leasing. Adjusted EBITDAR should not be considered a measure of discretionary cash available to us for investing in the growth of our business.

Adjusted net income and adjusted diluted earnings per share present our consolidated results excluding asset dispositions and special items that do not reflect the ordinary earnings of our operations. We believe that these measures are useful supplemental measures because net income and diluted earnings per share include asset disposition effects and special items, and inclusion of these items does not reflect the ongoing operational earnings of our business.

The Non-GAAP measures are not calculated or presented in accordance with GAAP and other companies in our industry may calculate these measures differently than we do. As a result, these financial measures have limitations as analytical and comparative tools and you should not consider these measures in isolation, or as a substitute for analysis of our results as reported under GAAP. In calculating these financial measures, we make certain adjustments that are based on assumptions and estimates that may prove to be inaccurate. In addition, in evaluating these financial measures, you should be aware that in the future we may incur expenses similar to those eliminated in this presentation. Our presentation of the Non-GAAP measures should not be construed as an inference that our future results will be unaffected by unusual or special items.

Some of the additional limitations of adjusted EBITDAR are:

- Adjusted EBITDAR does not reflect our current or future cash requirements for capital expenditures;
- Adjusted EBITDAR does not reflect changes in, or cash requirements for, our working capital needs;
- Adjusted EBITDAR does not reflect the significant interest expense or the cash requirements necessary to service interest or principal payments on our debts;
- Adjusted EBITDAR does not reflect the significant rent expense or the cash requirements necessary to make lease payments on our operating leases; and
- Although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and adjusted EBITDAR does not reflect any cash requirements for such replacements.

The following tables present business unit adjusted EBITDAR and adjusted EBITDAR margin discussed in “Business Unit Operating Results,” and consolidated adjusted EBITDAR and adjusted EBITDAR margin for fiscal years 2015, 2014 and 2013:

	<b>Fiscal Year Ended March 31,</b>		
	<b>2015</b>	<b>2014</b>	<b>2013</b>
	<b>(In thousands, except percentages)</b>		
Europe .....	\$ 255,506	\$ 216,283	\$ 181,475
West Africa.....	109,154	101,175	88,780
North America.....	94,101	73,528	57,864
Australia .....	52,596	29,111	43,001
Other International .....	35,620	63,778	61,495
Corporate and other.....	(73,153)	(50,219)	(51,649)
Consolidated adjusted EBITDAR.....	<u>\$ 473,824</u>	<u>\$ 433,656</u>	<u>\$ 380,966</u>
Europe .....	32.8%	34.7%	36.2%
West Africa.....	34.6%	32.1%	31.5%
North America.....	40.2%	32.1%	25.7%
Australia .....	25.2%	19.6%	27.1%
Other International .....	26.2%	47.7%	46.6%
Consolidated adjusted EBITDAR margin .....	27.4%	28.6%	28.3%

### *Fiscal Year 2015 Compared to Fiscal Year 2014*

For fiscal year 2015, we reported operating income of \$145.9 million, net income of \$84.3 million and diluted earnings per share of \$2.37 compared to operating income of \$187.0 million, net income of \$186.7 million and diluted earnings per share of \$5.09 for fiscal year 2014. The results for fiscal year 2015 were significantly impacted by:

- An unfavorable foreign currency exchange impact of \$39.4 million driven primarily by a strengthening U.S. dollar, including \$25.7 million reflected as a reduction in earnings from unconsolidated affiliates related to our affiliate in Brazil,
- An increase in general and administrative expense of \$54.3 million driven by higher compensation costs of \$20.1 million primarily related to improved BVA year-over-year and stock price performance versus our peer group, and higher professional fees of \$13.1 million primarily related to ongoing Operations Transformation and other initiatives,
- A loss on disposal of assets of \$35.8 million (primarily related to non-cash impairment charges related to aircraft of \$36.1 million) and non-cash inventory impairment charges of \$7.2 million, and
- Additional depreciation expense related to fleet changes of \$10.4 million.

Adjusted operating income, adjusted net income and adjusted earnings per share, which are non-GAAP measures as discussed above, include the significant impact of the foreign currency exchange rate changes and general and administrative expense increases as these items are associated with our business operations. These non-GAAP measures exclude the loss on disposal of the assets and additional depreciation expense, and other special items including the gain on sale of an unconsolidated affiliate, North America business unit restructuring, additional expense related to CEO succession, premium and fees associated with a repurchase of a portion of our 6¼% Senior Notes, reversal of accrued maintenance costs, an accounting correction and Nigeria severance costs. The loss on disposal of assets and special items on a combined basis decreased our operating income by \$64.7 million, decreased our net income by \$49.7 million and decreased diluted earnings per share by \$1.39. The foreign currency exchange impact in fiscal year 2015 decreased earnings per share by \$0.88, on an adjusted and unadjusted basis, compared to a decrease of \$0.21 in fiscal year 2014.

For fiscal year 2015, excluding the special items and loss on disposal of assets, adjusted operating income, adjusted net income and adjusted diluted earnings per share were \$210.6 million, \$134.0 million and \$3.77, respectively. For fiscal year 2014, excluding the special items and loss on disposal of assets, adjusted operating income, adjusted net income and adjusted diluted earnings per share were \$233.5 million, \$163.2 million and \$4.45, respectively.

Adjusted EBITDAR, which excludes the same special items and loss on disposal of assets in both periods, was \$473.8 million in fiscal year 2015 compared to \$433.7 million in fiscal year 2014, a 9.3% increase.

The increase in adjusted EBITDAR is primarily due to the following:

- An increase in activity in our Europe business unit, including the addition of Eastern Airways in February 2014,
- The startup of new contracts in our Australia business unit,
- Improved contract terms in our West Africa business unit,
- The recovery of \$19.6 million from original equipment manufacturers provided in the form of maintenance credits resulting from settlements for aircraft performance issues and related costs that benefited results in our North America, West Africa, Europe and Australia business units,
- A favorable shift in the mix to larger aircraft under contract that benefited our operations in our North America business unit, and
- The reversal of \$4.4 million in bad debt expense in our North America business unit related to a client that had previously filed for bankruptcy for which we have subsequently settled and collected funds.

Adjusted EBITDAR margin decreased from 28.6% in fiscal year 2014 to 27.4% in fiscal year 2015 primarily driven by the foreign currency exchange impact and general and administrative expense increase. Additionally, operating income, net income and diluted earnings per share, on an unadjusted and adjusted basis, were impacted by the foreign currency exchange impact and general and administrative expense increase as well as a \$59.0 million increase in rent expense (\$56.8 million of this increase is included in direct costs and \$2.2 million of this increase is included in general and administrative expense) from fiscal year 2014 as we increased the number of leased aircraft.

Gross revenue increased 11.3%, or \$189.1 million, to \$1.9 billion for fiscal year 2015 from \$1.7 billion for fiscal year 2014 driven primarily by the addition of new contracts with improved contract terms and improvement in flight activity in our Australia (\$60.3 million) and Europe (\$32.7 million) business units and the addition of Eastern Airways in February 2014, which contributed \$123.6 million of additional operating revenue to our Europe business unit during fiscal year 2015.

Direct costs increased 12.8%, or \$133.4 million, to \$1.2 billion for fiscal year 2015 from \$1.0 billion for fiscal year 2014 driven primarily by a \$63.8 million increase in salaries and benefits due to increased activity and the addition of Eastern Airways in February 2014, a \$56.8 million increase in rent expense primarily due to an increase in the number of leased aircraft, an increase of \$16.4 million in fuel primarily due to the addition of Eastern Airways and an increase of \$5.0 million in travel and meals due to an increase in activity, partially offset by a \$18.5 million decline in maintenance expense. The decrease in maintenance expense is primarily due to the maintenance credits discussed above.

Reimbursable expense declined 13.8%, or \$20.0 million, to \$124.6 million in fiscal year 2015 from \$144.6 million in fiscal year 2014 primarily due to a decline in our Europe business unit.

Depreciation and amortization increased 19.1%, or \$18.3 million, to \$114.3 million for fiscal year 2015 from \$96.0 million for fiscal year 2014 primarily due to the addition of Eastern Airways in February 2014 and a decrease in salvage values for some older aircraft operating in Australia, West Africa and Trinidad, partially offset by a decrease in our North America business unit due to the planned closure of our Alaska operations.

General and administrative expense increased 27.2%, or \$54.3 million, to \$254.2 million for fiscal year 2015 from \$199.8 million for fiscal year 2014 primarily due to an overall increase in compensation, professional fees, information technology expenses and training (including implementation and training costs for a new ERP system) and recruitment expenses. Additionally, we recorded \$5.5 million of additional expense related to CEO succession.

Earnings from unconsolidated affiliates, net of losses, decreased \$14.5 million to a loss of \$1.8 million for fiscal year 2015 from earnings of \$12.7 million in fiscal year 2014. The decrease in earnings from unconsolidated affiliates, net of losses, primarily resulted from lower earnings of \$7.1 million from our investment in Líder in Brazil, a decrease of \$3.2 million in earnings due to the sale of our investment in the FB Entities in July 2013 and a decrease in dividends of \$2.0 million from our cost method investment in Egypt. Our earnings from Líder in fiscal years 2015 and 2014 were reduced by the unfavorable impact of foreign currency exchange rate changes of \$25.7 million and \$3.9 million, respectively. During fiscal year 2014, we recorded \$13.6 million of lower earnings from Líder due to additional tax charges resulting primarily from a tax amnesty payment Líder made to the Brazilian government. The \$13.6 million is a special item and excluded from adjusted operating income, adjusted EBITDAR, adjusted net income and adjusted earnings per share in fiscal year 2014.

Gain on sale of unconsolidated affiliate includes \$3.9 million and \$103.9 million in pre-tax gains related to the sale of HCA and the FB Entities during fiscal years 2015 and 2014, respectively. For further details, see “— Business Unit Operating Results — Fiscal Year 2015 Compared to Fiscal Year 2014.”

Additional items impacting our results included impairment of inventories, gain (loss) on disposal of assets, interest expense, net and other income (expense, net), which are discussed further in “— Business Unit Operating Results — Fiscal Year 2015 Compared to Fiscal Year 2014.”

Also, impacting our net income and earnings per share, on an adjusted and unadjusted basis, was an increase in the normalized effective tax rate from 13.7% for fiscal year 2014 to 20.4% for fiscal year 2015. For further details on provision for income taxes, see “— Business Unit Operating Results — Fiscal Year 2015 Compared to Fiscal Year 2014 — Taxes.”

As discussed above, our results for fiscal year 2015 were impacted by a number of special items. These special items, on a combined basis, decreased our operating income by \$28.8 million, net income by \$21.1 million and diluted earnings per share by \$0.59. In fiscal year 2014, special items that impacted our results included a gain on the sale of an unconsolidated affiliate, cancellation of potential financing, the impairment of inventories, restructuring items, Líder taxes, Mexico goodwill impairment, Nigeria fire and the CEO succession and officer separation. The items noted in fiscal years 2015 and 2014 have been identified as special items as they are not considered by management to be part of our ongoing operations when assessing and measuring the operational and financial performance of the Company. The impact of these items on our adjusted operating income, adjusted EBITDAR, adjusted net income and adjusted diluted earnings per share is as follows:

	<b>Fiscal Year Ended March 31, 2015</b>			
	<b>Adjusted Operating Income</b>	<b>Adjusted EBITDAR</b>	<b>Adjusted Net Income</b>	<b>Adjusted Diluted Earnings Per Share</b>
	<b>(In thousands, except per share amounts)</b>			
Gain on sale of unconsolidated affiliate .....	\$ —	\$ 3,921	\$ 2,549	\$ 0.07
North America restructuring .....	(1,611)	(1,611)	(1,047)	(0.03)
CEO succession .....	(5,501)	(5,501)	(3,576)	(0.10)
Impairment of inventories .....	(7,167)	(7,167)	(5,734)	(0.16)
Repurchase of 6¼% Senior Notes .....	—	(2,591)	(2,113)	(0.06)
Accrued maintenance cost reversal .....	813	813	642	0.02
Accounting correction .....	(4,071)	(4,071)	(3,216)	(0.09)
Additional depreciation expense resulting from fleet changes .....	(10,379)	—	(7,992)	(0.22)
Nigeria severance costs .....	(925)	(925)	(648)	(0.02)
Total special items .....	<u>\$ (28,841)</u>	<u>\$ (17,132)</u>	<u>\$ (21,135)</u>	<u>(0.59)</u>

	<b>Fiscal Year Ended March 31, 2014</b>			
	<b>Adjusted Operating Income</b>	<b>Adjusted EBITDAR</b>	<b>Adjusted Net Income</b>	<b>Adjusted Diluted Earnings Per Share</b>
	<b>(In thousands, except per share amounts)</b>			
Gain on sale of unconsolidated affiliate .....	\$ —	\$ 103,924	\$ 67,897	\$ 1.85
Cancellation of potential financing .....	—	—	(8,276)	(0.23)
Impairment of inventories .....	(12,669)	(12,669)	(10,071)	(0.27)
Restructuring items .....	(5,521)	(5,521)	(6,466)	(0.18)
Líder taxes .....	(13,587)	(13,587)	(8,832)	(0.24)
Mexico goodwill impairment .....	(576)	—	(374)	(0.01)
Nigeria fire .....	(8,569)	(8,569)	(6,598)	(0.18)
CEO succession and officer separation .....	(4,838)	(4,838)	(3,145)	(0.09)
Total special items .....	<u>\$ (45,760)</u>	<u>\$ 58,740</u>	<u>\$ 24,135</u>	<u>0.66</u>

#### *Fiscal Year 2014 Compared to Fiscal Year 2013*

For fiscal year 2014, we reported operating income of \$187.0 million, net income of \$186.7 million and diluted earnings per share of \$5.09 compared to operating income of \$224.1 million, net income of \$130.1 million and diluted earnings per share of \$3.57 for fiscal year 2013. The results for fiscal year 2014 included special items, which on a combined basis decreased our operating income by \$45.8 million and, increased our net income by \$24.1 million and increased diluted earnings per share by \$0.66. The special items include:

- A \$103.9 million gain on the sale of an unconsolidated affiliate,
- \$12.7 million in charges related to the cancellation of a potential financing,
- \$12.7 million in inventory impairment charges,
- \$13.6 million in lower earnings from Líder resulting primarily from a tax amnesty payment Líder made to the Brazilian government,
- Restructuring costs including \$3.4 million for the restructuring of our North America business unit, \$2.1 million in compensation expense related to severance costs as a result of the termination of a contract in the Southern North Sea and \$2.6 million tax impact of an internal reorganization,

- A \$0.6 million impairment charge related to goodwill in Mexico,
- An \$8.6 million increase in insurance expense due to a hangar fire in Nigeria, and
- \$4.8 million in expense related to CEO succession and officer separation costs.

Excluding these special items and gain (loss) on disposal of assets, adjusted operating income, adjusted net income and diluted earnings per share were \$233.5 million, \$163.2 million and \$4.45, respectively, for fiscal year 2014 compared to \$217.3 million, \$137.8 million and \$3.78, respectively, for fiscal year 2013.

Adjusted EBITDAR, which excludes the same special items and gain (loss) on disposal of assets, was \$433.7 million in fiscal year 2014 compared to \$381.0 million in fiscal year 2013, a 13.8% increase. Adjusted EBITDAR margin improved slightly from 28.3% in fiscal year 2013 to 28.6% in fiscal year 2014 with a 10.7% increase in gross revenue.

The improvement in adjusted EBITDAR margin was driven primarily by revenue growth in our Europe and West Africa business units, and in Canada. Adjusted EBITDAR margin improved at a lower rate than revenue over fiscal year 2013 primarily due to:

- A decrease in operating revenue of \$10.1 million in our Australia business unit primarily resulting from the ending of short-term contracts, while overall maintenance expense remained flat and labor costs increased in anticipation of new contract start-ups later in fiscal year 2014 and fiscal year 2015;
- Additional maintenance expense of \$24.2 million and labor costs of \$27.6 million in our Europe business unit in fiscal year 2014, primarily due to the addition of Eastern Airways beginning in February 2014, start of the U.K. Gap SAR contract in June and July 2013, the return to service of H225 aircraft and support of the previously idle AS332L aircraft we returned to service after we had ceased operating the H225 aircraft in October 2012 in this market;
- An increase in labor costs in our West Africa business unit of \$7.8 million resulting from annual salary increases; and
- An unfavorable impact of foreign currency exchange rates which resulted in a decrease to adjusted EBITDAR of \$4.2 million.

With the exception of our Australia and Other International business units, adjusted EBITDAR improved as operating revenue continued to grow in most regions. Additionally, operating income, net income and diluted earnings per share, on an unadjusted and adjusted basis, were impacted by a \$38.3 million increase in rent expense (\$37.2 million increase included in direct costs and \$1.2 million increase included in general and administrative expense) over fiscal year 2013 as we increased the number of aircraft within our leased fleet. Additionally, adjusted EBITDAR margins for our Europe and Australia business units improved during the fourth quarter of fiscal year 2014 as we were able to recover \$12.4 million in maintenance expense credits from our original equipment manufacturers as settlements for aircraft performance issues and reimbursement for transportation costs.

Gross revenue increased 10.7%, or \$161.1 million, to \$1.7 billion for fiscal year 2014 from \$1.5 billion for fiscal year 2013 driven primarily by the addition of new contracts with improved pricing and improvements in flight activity in our Europe (\$99.5 million) and West Africa (\$32.7 million) business units, the addition of eight aircraft operating in Canada beginning in October 2012 that contributed \$35.6 million (\$16.4 million in North America and \$19.2 million in Corporate and other) and the acquisition of Eastern Airways that contributed \$21.2 million, partially offset by the \$10.1 million decrease in operating revenue in our Australia business unit due to the end of short-term contracts, a \$12.6 million decline in operating revenue from our U.S. Gulf of Mexico and Alaska operations in our North America business unit due to a decline in activity in small aircraft and a \$11.2 million decrease in reimbursable revenue (primarily in Australia). Additionally, an unfavorable impact from changes in foreign currency rates decreased gross revenue by \$15.9 million (primarily in Australia). Included in the gross revenue increase was an increase in operating revenue from affiliates primarily due to the addition of eight aircraft operating in Canada in October 2012 previously discussed.

Direct costs increased 15.7%, or \$141.2 million, to \$1.0 billion for fiscal year 2014 from \$900.4 million for fiscal year 2013 driven primarily by a \$38.0 million increase in maintenance expense, a \$36.6 million increase in salaries and benefits, a \$37.2 million increase in rent expense, an \$8.1 million increase in insurance expense and a \$4.5 million increase in training expense. The increase in insurance expense in fiscal year 2014 is due to a fire in Nigeria which resulted in an increase in insurance premiums across all of our business units. The increase in training expense is due to training in advance of the addition of new aircraft types into certain markets.

Reimbursable expense declined 8.2%, or \$12.9 million, to \$144.6 million in fiscal year 2014 from \$157.4 million in fiscal year 2013 primarily due to a decline in our Australia business unit.

Depreciation and amortization decreased 0.3%, or \$0.3 million, to \$96.0 million for fiscal year 2014 from \$96.3 million for fiscal year 2013. Although we have added aircraft to our fleet, we have increased the number of aircraft through operating leases including the sale and leaseback of 14 aircraft during fiscal year 2014. Additionally, we recorded \$0.6 million for the impairment of goodwill related to Mexico as all of the contracts in Mexico have expired.

General and administrative expense increased 22.3%, or \$36.4 million, to \$199.8 million for fiscal year 2014 from \$163.4 million for fiscal year 2013 primarily due to an overall increase in compensation, information technology expenses, professional fees, travel, training and staff recruitment. Additionally, we recorded \$1.9 million in expense related to CEO succession and \$2.9 million for officer separation.

Earnings from unconsolidated affiliates, net of losses, decreased \$12.4 million to \$12.7 million for fiscal year 2014 from \$25.1 million in fiscal year 2013. The decrease in earnings from unconsolidated affiliates, net of losses, primarily resulted from lower earnings of \$11.9 million from our investment in Líder in Brazil and a decrease of \$7.3 million in earnings due to the sale of our investment in the FB Entities, partially offset by an increase of \$4.0 million of dividends received from our cost method investment in Egypt. During fiscal year 2014, we recorded \$13.6 million of lower earnings from Líder due to additional tax charges resulting primarily from a tax amnesty payment Líder made to the government in Brazil. For further details on this tax amnesty payment, see “Executive Overview — Market Outlook” included elsewhere in this Annual Report. In addition, there was a \$4.4 million increase in the core operating earnings of Líder primarily due to additional aircraft on contract and better cost management in fiscal year 2014. Additionally, in fiscal year 2013, earnings from unconsolidated affiliates increased by \$2.8 million as a result of the correction of a calculation error related to foreign currency derivative transactions impacting our earnings from Líder.

Additional items impacting our results included impairment of inventories, gain (loss) on disposal of assets, interest expense, net, extinguishment of debt, other income (expense, net) and income tax expense, which are discussed further in “— Business Unit Operating Results — Fiscal Year 2014 Compared to Fiscal Year 2013.”

As discussed above, our results for fiscal year 2014 were impacted by a number of special items, which on a combined basis decreased our operating income by \$45.8 million, increased our net income by \$24.1 million and increased diluted earnings per share by \$0.66. In fiscal year 2013, special items that impacted our results included an additional inventory allowance, the correction of the calculation error related to Líder, severance costs in the Southern North Sea, the reversal of accrued maintenance cost for sale of AS332Ls that ultimately did not execute, the 7 ½% Senior Notes retirement (the redemption premium and write-off of deferred financing costs) and write-off of deferred financing fees for the 364-Day Term Loan. The items noted in fiscal years 2014 and 2013 have been identified as special items as they are not considered by management to be part of our ongoing operations when assessing and measuring the operational and financial performance of the Company. The impact of these items on our adjusted operating income, adjusted EBITDAR, adjusted net income and adjusted diluted earnings per share is as follows:

	<b>Fiscal Year Ended March 31, 2013</b>			
	<b>Adjusted Operating Income</b>	<b>Adjusted EBITDAR</b>	<b>Adjusted Net Income</b>	<b>Adjusted Diluted Earnings Per Share</b>
	<b>(In thousands, except per share amounts)</b>			
Inventory allowance.....	\$ (2,838)	\$ (2,838)	\$ (2,242)	\$ (0.06)
Líder correction.....	2,784	2,784	1,809	0.05
Severance costs for termination of a contract.....	(2,162)	(2,162)	(1,708)	(0.05)
Accrued maintenance cost reversal.....	944	944	746	0.02
Retirement of 7 ½% Senior Notes.....	—	(14,932)	(11,377)	(0.31)
364-Day Term Loan financing fees.....	—	—	(1,345)	(0.04)
Total special items.....	<u>\$ (1,272)</u>	<u>\$ (16,204)</u>	<u>\$ (14,117)</u>	<u>(0.39)</u>



## Business Unit Operating Results

The following tables set forth certain operating information for the business units comprising our Helicopter Services segment. Intercompany lease revenue and expense are eliminated from our segment reporting, and depreciation expense of aircraft is presented in the segment that operates the aircraft.

### *Fiscal Year 2015 Compared to Fiscal Year 2014*

Set forth below is a discussion of operations of our business units. Our consolidated results are discussed under “Results of Operations” above.

#### *Europe*

	Fiscal Year Ended March 31,		Favorable (Unfavorable)	
	2015	2014		
	(In thousands, except percentages)			
Operating revenue .....	\$ 779,009	\$ 622,684	\$ 156,325	25.1 %
Reimbursable revenue .....	\$ 99,138	\$ 117,632	\$ (18,494)	(15.7)%
Earnings from unconsolidated affiliates, net of losses .....	\$ 887	\$ 4,446	\$ (3,559)	(80.0)%
Operating income .....	\$ 125,016	\$ 114,729	\$ 10,287	9.0 %
Operating margin .....	16.0%	18.4%	(2.4)%	(13.0)%
Adjusted EBITDAR .....	\$ 255,506	\$ 216,283	\$ 39,223	18.1 %
Adjusted EBITDAR margin .....	32.8%	34.7%	(1.9)%	(5.5)%

Bristow Helicopters acquired 60% interest in Eastern Airways in February 2014, which contributed to an increase of \$123.6 million in operating revenue and \$25.2 million in adjusted EBITDAR for fiscal year 2015 representing a significant portion of improvement over fiscal year 2014 in our Europe business unit. Additionally, the operations of our Europe business unit have continued to expand since fiscal year 2014 with the net addition of 15 LACE. These additional aircraft, as well as an overall increase in activity with existing clients and under new contracts, resulted in \$32.7 million of increased operating revenue in fiscal year 2015.

The increases in operating income and adjusted EBITDAR were driven by revenue growth. Other expenses also increased as a result of the addition of Eastern Airways and the increase in activity levels, such as salaries and benefits of \$43.2 million (\$33.9 million from Eastern Airways), fuel expense of \$15.7 million (\$16.9 million from Eastern Airways) and rent expense of \$40.9 million (\$6.5 million from Eastern Airways). Additionally, operating income, operating margin, adjusted EBITDAR and adjusted EBITDAR margin benefited from the recovery of \$7.5 million and \$8.5 million in credits for maintenance expense from original equipment manufacturers during fiscal years 2015 and 2014, respectively, resulting from settlements for aircraft performance and transportation costs. During fiscal year 2014, insurance expense was \$4.6 million higher due to a fire in Nigeria resulting in an increase in premiums across all business units. Also in fiscal year 2014, we incurred \$2.1 million in severance costs as a result of the termination of a contract in the Southern North Sea. The \$4.6 million and \$2.1 million are not included in adjusted EBITDAR or adjusted EBITDAR margin in fiscal year 2014. These items were partially offset by an unfavorable impact from foreign currency exchange rate changes of \$22.5 million and the decrease in earnings from unconsolidated affiliates, net losses of \$3.6 million due to the sale of the FB Entities in July 2013 and sale of HCA in November 2014. Despite the increase in adjusted EBITDAR, adjusted EBITDAR margin decreased during fiscal year 2015 due to an unfavorable impact from foreign currency exchange rate changes and lower margin at Eastern Airways.

West Africa

	Fiscal Year Ended March 31,		Favorable (Unfavorable)	
	2015	2014		
(In thousands, except percentages)				
Operating revenue .....	\$ 315,897	\$ 314,829	\$ 1,068	0.3 %
Reimbursable revenue .....	\$ 11,267	\$ 13,964	\$ (2,697)	(19.3)%
Operating income .....	\$ 86,074	\$ 80,053	\$ 6,021	7.5 %
Operating margin.....	27.2%	25.4%	1.8%	7.1 %
Adjusted EBITDAR .....	\$ 109,154	\$ 101,175	\$ 7,979	7.9 %
Adjusted EBITDAR margin.....	34.6%	32.1%	2.5%	7.8 %

Operating revenue for West Africa increased in fiscal year 2015 primarily due to increased activity from new and certain existing contracts which increased operating revenue by \$23.9 million and improved contract terms which increased operating revenue by \$11.5 million, partially offset by lower activity from other contracts which decreased operating revenue by \$32.7 million.

Operating income, operating margin, adjusted EBITDAR and adjusted EBITDAR improved as a result of better cost management resulting in decreases in maintenance expense (\$6.5 million), freight (\$2.9 million), base repairs and maintenance (\$2.6 million) and travel and meals (\$1.5 million), partially offset by an unfavorable impact from foreign currency exchange rate changes of \$1.2 million. Additionally, operating income, operating margin, adjusted EBITDAR and adjusted EBITDAR margin benefited from the recovery of \$2.8 million in credits for maintenance expense from original equipment manufacturers during fiscal year 2015 resulting from settlements for aircraft performance and transportation costs. In fiscal year 2015, management made the decision to exit certain fleet types operating in this business unit earlier than originally anticipated. We recorded additional depreciation expense of \$1.9 million related to five medium and one fixed wing aircraft operating in this business unit. The \$1.9 million of additional depreciation expense was not included in adjusted EBITDAR or adjusted EBITDAR margin in fiscal year 2015. During fiscal year 2014, insurance expense was \$1.2 million higher due to a fire in Nigeria resulting in an increase in premiums across all business units. This \$1.2 million was not included in adjusted EBITDAR or adjusted EBITDAR margin in fiscal year 2014.

As previously discussed, we have seen recent changes in the West Africa market as a result of new competitors entering this market. Additionally, increasingly active trade unions, changing regulations and the changing political environment have made and are expected to continue to make our operating results from Nigeria unpredictable.

North America

	Fiscal Year Ended March 31,		Favorable (Unfavorable)	
	2015	2014		
(In thousands, except percentages)				
Operating revenue .....	\$ 234,218	\$ 229,064	\$ 5,154	2.3 %
Reimbursable revenue .....	\$ 658	\$ 1,276	\$ (618)	(48.4)%
Earnings from unconsolidated affiliates, net of losses .....	\$ (710)	\$ 1,053	\$ (1,763)	(167.4)%
Operating income .....	\$ 52,943	\$ 32,255	\$ 20,688	64.1 %
Operating margin.....	22.6%	14.1%	8.5%	60.3 %
Adjusted EBITDAR .....	\$ 94,101	\$ 73,528	\$ 20,573	28.0 %
Adjusted EBITDAR margin.....	40.2%	32.1%	8.1%	25.2 %

Operating revenue increased for North America in fiscal year 2015 primarily due to an increase in the number of medium and large aircraft on contract in the U.S. Gulf of Mexico, which increased operating revenue by \$28.3 million, partially offset by our planned closure of operations in Alaska which reduced operating revenue by \$14.0 million and a decline in the number of small aircraft on contract in the U.S. Gulf of Mexico which reduced operating revenue by \$13.2 million.

During fiscal year 2015, we reversed \$4.4 million of bad debt expense in our North America business unit related to a client that had previously filed for bankruptcy for which we have subsequently settled and collected funds. Also, during fiscal years 2015 and 2014, we recorded \$1.6 million and \$3.4 million, respectively, in costs associated with the restructuring of this business unit and planned closure of our Alaska operations, which related primarily to employee severance and retention costs. Adjusted EBITDAR and adjusted EBITDAR margin excludes these restructuring costs during fiscal years 2015 and 2014. The increase in operating income, operating margin, adjusted EBITDAR and adjusted EBITDAR margin were driven by the change in mix of fleet on contract in the U.S. Gulf of Mexico to more medium and large aircraft and benefited from the recovery of \$2.8 million in credits for maintenance expense from original equipment manufacturers during fiscal year 2015 resulting from settlements for aircraft performance and transportation costs. The reversal of the bad debt expense of \$4.4 million also added to adjusted EBITDAR. These increases were partially offset by a decrease in earnings from unconsolidated affiliates, net of losses, related to Cougar. Additionally impacting operating income and operating margin in fiscal year 2014 was an increase in insurance expense in fiscal year 2014 of \$1.2 million primarily resulting from an increase in premiums across all business units due to a fire in Nigeria. This \$1.2 million was not included in adjusted EBITDAR or adjusted EBITDAR margin in fiscal year 2014.

We recognize that the current operating environment in the North America business unit is challenging for our fleet mix and we are proactively restructuring our business with a long-term strategy of operating larger aircraft to service deepwater client contracts.

#### Australia

	Fiscal Year Ended March 31,		Favorable (Unfavorable)	
	2015	2014		
	(In thousands, except percentages)			
Operating revenue .....	\$ 209,020	\$ 148,731	\$ 60,289	40.5 %
Reimbursable revenue .....	\$ 20,008	\$ 19,693	\$ 315	1.6 %
Operating income .....	\$ 6,017	\$ 5,523	\$ 494	8.9 %
Operating margin .....	2.9%	3.7%	(0.8)%	(21.6)%
Adjusted EBITDAR .....	\$ 52,596	\$ 29,111	\$ 23,485	80.7 %
Adjusted EBITDAR margin .....	25.2%	19.6%	5.6 %	28.6 %

Operating revenue for Australia increased in fiscal year 2015 primarily due to the start of new contracts and additional activity and aircraft on contract, including a significant contract with INPEX which increased operating revenue by \$83.9 million, partially offset by the ending of short-term contracts which reduced operating revenue by \$26.1 million. Additionally, on January 29, 2015, Bristow Helicopters Australia acquired an 85% interest in Capiteq Limited, operating under the name Airnorth, which contributed \$11.4 million of operating revenue and \$2.1 million of adjusted EBITDAR during fiscal year 2015.

Operating income improved primarily due to the increase in operating revenue, partially offset by an increase in salaries and benefits of \$17.9 million (\$3.5 million from Airnorth), rent expense of \$11.3 million (\$1.4 million from Airnorth) and depreciation and amortization of \$13.6 million (\$0.9 million from Airnorth). Additionally, operating income and operating margin were unfavorably impacted by foreign currency exchange rate changes of \$1.7 million. Adjusted EBITDAR and adjusted EBITDAR margin also improved due to the increase in operating revenue and addition of Airnorth, partially offset by the salaries and benefits increase and unfavorable impact of foreign currency exchange rate changes. During fiscal years 2015 and 2014, we were able to recover \$4.6 million and \$3.6 million, respectively, in credits for maintenance expense from original equipment manufacturers as settlements for aircraft performance and transportation costs. In fiscal year 2015, management made the decision to exit certain fleet types operating in this business unit earlier than originally anticipated. We recorded additional depreciation expense of \$6.2 million related to four large aircraft operating in this business unit. Operating margin declined primarily due to the additional depreciation expense recorded. The \$6.2 million of additional depreciation expense related to the four large aircraft was not included in adjusted EBITDAR or adjusted EBITDAR margin in fiscal year 2015. During fiscal year 2014 insurance expense was \$1.1 million higher due to a fire in Nigeria resulting in an increase in premiums across all business units. This \$1.1 million was not included in adjusted EBITDAR or adjusted EBITDAR margin in fiscal year 2014.

Other International

	Fiscal Year Ended March 31,		Favorable (Unfavorable)	
	2015	2014		
(In thousands, except percentages)				
Operating revenue .....	\$ 135,752	\$ 133,794	\$ 1,958	1.5 %
Reimbursable revenue .....	\$ 1	\$ 227	\$ (226)	(99.6)%
Earnings from unconsolidated affiliates, net of losses .....	\$ (1,991)	\$ 7,210	\$ (9,201)	(127.6)%
Operating income .....	\$ 18,609	\$ 33,769	\$ (15,160)	(44.9)%
Operating margin .....	13.7%	25.2%	(11.5)%	(45.6)%
Adjusted EBITDAR .....	\$ 35,620	\$ 63,778	\$ (28,158)	(44.2)%
Adjusted EBITDAR margin .....	26.2%	47.7%	(21.5)%	(45.1)%

Operating revenue for Other International increased during fiscal year 2015 primarily due to a contract in Tanzania that started in the fourth quarter of fiscal year 2014 (\$14.7 million) and a change in mix of aircraft on contract in Trinidad (\$7.6 million), partially offset by a decline in revenue resulting from the end of contracts in Malaysia (\$10.6 million) and Mexico (\$2.3 million), a decline in activity in Russia (\$4.5 million) and a decrease in aircraft on contract in Brazil (\$2.4 million).

Earnings from unconsolidated affiliates, net of losses, decreased primarily due to a decrease in earnings from our investment in Líder in Brazil of \$7.1 million and a decrease of \$2.0 million in dividends from our cost method investment in Egypt. During fiscal year 2014, we recorded \$13.6 million in reduced earnings from Líder for additional charges resulting primarily from a tax amnesty payment Líder made to the Brazilian government. Additionally, negatively affecting Líder's results during fiscal year 2015 was a \$25.7 million unfavorable impact of foreign currency exchange rates. See further discussion about our investment in Líder and the Brazil market in "Executive Overview – Market Outlook" and "Fiscal Year 2015 Compared to Fiscal Year 2014" included elsewhere in this Annual Report.

Operating income, operating margin, adjusted EBITDAR and adjusted EBITDAR margin decreased primarily due to the significant unfavorable impact of foreign currency exchange rates affecting our earnings from unconsolidated affiliates, net of losses, and the end of contracts in Malaysia and Mexico, partially offset by a change in the mix of aircraft on contract in Trinidad and the addition of the contract in Tanzania. Adjusted EBITDAR and adjusted EBITDAR margin for fiscal year 2014 exclude the additional tax charges for Líder. Excluding the unfavorable foreign currency exchange rate impact in both fiscal years, our adjusted EBITDAR margin would have been 45.7% and 50.8% for fiscal years 2015 and 2014, respectively.

Corporate and Other

	Fiscal Year Ended March 31,		Favorable (Unfavorable)	
	2015	2014		
(In thousands, except percentages)				
Operating revenue .....	\$ 59,449	\$ 71,679	\$ (12,230)	(17.1)%
Reimbursable revenue .....	\$ 610	\$ 464	\$ 146	31.5 %
Operating loss .....	\$ (106,936)	\$ (78,630)	\$ (28,306)	(36.0)%
Adjusted EBITDAR .....	\$ (73,153)	\$ (50,219)	\$ (22,934)	(45.7)%

Corporate and other includes our Bristow Academy business unit, technical services business and corporate costs that have not been allocated to other business units.

Operating revenue decreased primarily due to lower support fees for helicopters operating in Canada of \$2.8 million, a decrease in technical services part and work order sales of \$3.2 million and a decrease in operating revenue at Bristow Academy of \$2.7 million primarily resulting from lower activity at the Nevada campus in fiscal year 2015.

The operating loss for Corporate and other increased primarily due to:

- An increase in compensation costs of \$16.3 million, primarily resulting from improved BVA year-over-year and stock price performance versus our peer group, professional fees of \$8.9 million, primarily related to ongoing Operational Excellence initiatives, and \$0.7 million of additional expense related to CEO succession and officer separation (\$5.5 million recorded in fiscal year 2015 versus \$4.8 million recorded in fiscal year 2014), and
- The negative impact of \$4.1 million related to the accounting correction described below.

Partially offsetting the above was a decline in inventory allowances and a favorable foreign currency exchange impact of \$13.1 million primarily included in other income. During fiscal years 2015 and 2014, we recorded \$7.2 million and \$12.7 million, respectively, of inventory allowances relating to excess inventory identified for older large aircraft models we will remove from our operational fleet over the next two fiscal years. Adjusted EBITDAR for Corporate and other decreased primarily due to the increase in compensation costs and professional fees. The portion of compensation costs related to CEO succession and officer separation, the charges recorded for inventory allowances and the accounting correction were excluded from the calculation of adjusted EBITDAR.

During fiscal year 2015, we determined that we had been improperly capitalizing profit on intercompany technical services billings related to aircraft modifications. To correct this error, we reduced property and equipment, net of accumulated depreciation, by \$4.4 million and increased deferred gains on aircraft sold and leased back included within other long-term liabilities by \$0.9 million as of December 31, 2014. The impact on our consolidated statements of income fiscal year 2015 was an increase in direct costs of \$4.1 million. The error is not material to our consolidated financial statements for fiscal year 2015 or our previously reported consolidated financial statements for any period.

During fiscal year 2015, approximately 104 pilots graduated from Bristow Academy. We hired 12 graduates as instructors at Bristow Academy and 53 graduates as pilots (mostly former instructors) into our other business units.

#### *Gain (loss) on disposal of assets*

Gain (loss) on disposal of assets decreased \$35.1 million to a loss of \$35.8 million for fiscal year 2015 from a loss of \$0.7 million for fiscal year 2014. The loss on disposal of assets in fiscal year 2015 included impairment charges totaling \$36.1 million related to 27 held for sale aircraft and gains of \$0.2 million from the sale or disposal of 44 aircraft and other equipment. The loss on disposal of assets in fiscal year 2014 includes impairment charges totaling \$6.8 million related to 11 held for sale aircraft, partially offset by a gain of \$6.1 million from the sale of 46 aircraft and other equipment.

#### *Interest Expense, Net*

	Fiscal Year Ended March 31,		Favorable (Unfavorable)	
	2015	2014		
	(In thousands, except percentages)			
Interest income .....	\$ 956	\$ 1,720	\$ (764)	(44.4)%
Interest expense .....	(37,834)	(40,243)	2,409	6.0 %
Amortization of debt discount .....	(4,323)	(3,708)	(615)	(16.6)%
Amortization of debt fees .....	(2,712)	(15,091)	12,379	82.0 %
Capitalized interest .....	14,559	14,104	455	3.2 %
Interest expense, net .....	<u>\$ (29,354)</u>	<u>\$ (43,218)</u>	<u>\$ 13,864</u>	<u>32.1 %</u>

The decrease in interest expense, net in fiscal year 2015 was primarily due to the write-off of \$12.7 million of deferred financing fees related to a potential financing in fiscal year 2014, partially offset by a write-off of deferred financing fees of \$0.7 million related to the repurchase of a portion of our 6¼% Senior Notes in fiscal year 2015.

#### *Extinguishment of debt*

Extinguishment of debt includes \$2.6 million in premium and fees as a result of the repurchase of a portion of our 6¼% Senior Notes during fiscal year 2015.

*Other Income (Expense), Net*

	Fiscal Year Ended March 31,		Favorable (Unfavorable)	
	2015	2014		
(In thousands, except percentages)				
Foreign currency losses .....	\$ (6,548)	\$ (3,684)	\$ (2,864)	(77.7)%
Other .....	171	992	(821)	(82.8)%
Other income (expense), net .....	<u>\$ (6,377)</u>	<u>\$ (2,692)</u>	<u>\$ (3,685)</u>	(136.9)%

Other income (expense), net decreased primarily due changes in foreign currency exchange rates during fiscal year 2015 driven by the strengthening of the U.S. dollar versus the Australian dollar, British pound sterling, the euro, Nigerian naira and Norwegian kroner as well as a gain of \$1.1 million on the sale of intellectual property during fiscal year 2014.

*Taxes*

	Fiscal Year Ended March 31,		Favorable (Unfavorable)	
	2015	2014		
(In thousands, except percentages)				
Effective tax rate .....	20.4%	23.4%	3.0%	*
Net foreign tax on non-U.S. earnings.....	\$ 30,515	\$ 28,847	\$ (1,668)	(5.8)%
Benefit of foreign earnings indefinitely reinvested abroad..	(52,428)	(46,354)	6,074	13.1 %
(Benefit) expense from change in tax contingency .....	(65)	(1,522)	(1,457)	*
Dividend inclusion as a result of internal realignment.....	—	2,625	2,625	*
Foreign statutory rate reduction .....	—	(2,944)	(2,944)	*
Benefit from foreign tax credits .....	(12,566)	(12,752)	(186)	(1.5)%
Valuation allowance .....	4,510	4,532	22	*

\* percentage change not meaningful

Our effective income tax rate for fiscal year 2015 is 20.4% which includes \$1.5 million of tax expense for the sale of HCA and \$4.5 million of tax expense for an increase in valuation allowance.

Our effective income tax rate for fiscal year 2014 reflected \$36.6 million of tax expense for the sale of the FB entities, \$4.5 million of tax expense for an increase in valuation allowance and \$2.6 million of tax expense related to an internal reorganization, partially offset by a \$4.8 million benefit due to changes to of our deferred taxes as a result of the Lider tax amnesty payment and a \$2.9 million benefit due to the revaluation of our deferred taxes as a result of the enactment of a tax rate reduction in the U.K. Excluding these items, our effective tax rate was 13.7% for fiscal year 2014.

Also our effective tax rate for the fiscal years 2015 and 2014 were reduced by the permanent investment outside the U.S. of foreign earnings, upon which no U.S. tax has been provided, and by the amount of our foreign source income and our ability to realize foreign tax credits.

*Noncontrolling Interest*

Noncontrolling interest expense for fiscal year 2015 was \$4.4 million compared to \$1.0 million for fiscal year 2014. The increase in noncontrolling interest expense was primarily due to the addition of Eastern Airways in February 2014. See Note 3 in the “Notes to Consolidated Financial Statements” included elsewhere in this Annual Report.

## Fiscal Year 2014 Compared to Fiscal Year 2013

Set forth below is a discussion of operations of our business units. Our consolidated results are discussed under “Results of Operations” above.

### Europe

	Fiscal Year Ended March 31,		Favorable (Unfavorable)	
	2014	2013		
	(In thousands, except percentages)			
Operating revenue .....	\$ 622,684	\$ 501,923	\$ 120,761	24.1 %
Reimbursable revenue .....	\$ 117,632	\$ 117,622	\$ 10	— %
Earnings from unconsolidated affiliates, net of losses .....	\$ 4,446	\$ 10,708	\$ (6,262)	(58.5)%
Operating income .....	\$ 114,729	\$ 111,785	\$ 2,944	2.6 %
Operating margin.....	18.4%	22.3%	(3.9)%	(17.5)%
Adjusted EBITDAR .....	\$ 216,283	\$ 181,475	\$ 34,808	19.2 %
Adjusted EBITDAR margin.....	34.7%	36.2%	(1.5)%	(4.1)%

The operations of our Europe business unit expanded in fiscal year 2014 with the net addition of seven LACE. These additional aircraft, as well as an overall increase in activity with existing clients and under new contracts primarily in the Northern North Sea in the U.K. and Norway resulted in \$79.3 million of increased operating revenue and were the primary contributors to the revenue growth in Europe in fiscal year 2014. Additionally, during June and July 2013 we began operating the U.K. Gap SAR contract at two bases which contributed \$37.7 million of operating revenue in fiscal year 2014. Bristow Helicopters acquired a 60% interest in Eastern Airways in February 2014, which contributed \$21.2 million to the increase in operating revenue and \$4.2 million in adjusted EBITDAR in fiscal year 2014. These increases were partially offset by the loss of a contract in the Southern North Sea during fiscal year 2013 resulting in an \$18.8 million decrease in operating revenue.

Despite the revenue growth in fiscal year 2014 driving an increase in operating income and adjusted EBITDAR, operating margin decreased primarily due to an increase in rent expense of \$27.1 million and a decrease in earnings from unconsolidated affiliates, net of losses, of \$6.3 million. Other expenses also increased as a result of higher activity levels and timing of maintenance activities, including maintenance expense (\$24.2 million) and salaries (\$27.6 million). An increase in insurance expense in fiscal year 2014 of \$4.6 million, primarily resulting from an increase in premiums across all business units due to a fire in Nigeria, also impacted operating income and operating margin. During fiscal year 2014, we incurred \$2.1 million in severance costs as a result of the termination of a contract in the Southern North Sea. During fiscal year 2013, we incurred \$2.2 million in severance costs related to the termination of a separate contract in the Southern North Sea.

On July 14, 2013, we sold our 50% interest in the FB Entities which were accounted for under the equity method and included in our Europe business unit operating results. The FB Entities generated \$3.2 million and \$10.5 million of both operating income and adjusted EBITDAR for fiscal years 2014 and 2013, respectively.

Adjusted EBITDAR improved by \$34.8 million, or 19.2%, in fiscal year 2014 while adjusted EBITDAR margin declined to 34.7% from 36.2% in fiscal year 2013. Adjusted EBITDAR excludes the impact of the increase in the number of aircraft on lease and reflects the overall growth in this business unit in terms of new contracts, increased pricing and utilization. The decrease in adjusted EBITDAR margin was driven primarily by higher maintenance and salary costs incurred as we returned the H225 aircraft to service, a decrease in earnings from unconsolidated affiliates, net of losses, due to the sale of our interest in the FB Entities, and an unfavorable impact of foreign exchange rates. Adjusted EBITDAR margin improved during the fourth quarter of fiscal year 2014 as we were able to recover \$8.5 million in credits for maintenance expense from our original equipment manufacturers as settlements for aircraft performance issues and reimbursement for transportation costs.

West Africa

	Fiscal Year Ended March 31,		Favorable (Unfavorable)	
	2014	2013		
	(In thousands, except percentages)			
Operating revenue .....	\$ 314,829	\$ 282,150	\$ 32,679	11.6 %
Reimbursable revenue .....	\$ 13,964	\$ 14,783	\$ (819)	(5.5)%
Operating income .....	\$ 80,053	\$ 70,315	\$ 9,738	13.8 %
Operating margin.....	25.4%	24.9%	0.5%	2.0 %
Adjusted EBITDAR .....	\$ 101,175	\$ 88,780	\$ 12,395	14.0 %
Adjusted EBITDAR margin.....	32.1%	31.5%	0.6%	1.9 %

Operating revenue in West Africa increased primarily due to \$18.9 million from improved pricing and \$25.6 million from increased ad hoc flying and activity, partially offset by a \$15.6 million decline in activity in certain contracts.

Operating income, operating margin, adjusted EBITDAR and adjusted EBITDAR margin increased in fiscal year 2014 due to the increase in revenue, partially offset by an increase in salaries and benefits of \$7.8 million, aircraft maintenance expense of \$4.4 million, freight of \$2.5 million, base repairs and maintenance of \$1.8 million and value added taxes of \$1.6 million. Additionally impacting operating income and operating margin was an increase in insurance expense in fiscal year 2014 of \$1.2 million primarily resulting from an increase in premiums across all business units due to a fire in Nigeria. The \$1.2 million of additional premiums in fiscal year 2014 was excluded from adjusted EBITDAR and adjusted EBITDAR margin.

North America

	Fiscal Year Ended March 31,		Favorable (Unfavorable)	
	2014	2013		
	(In thousands, except percentages)			
Operating revenue .....	\$ 229,064	\$ 225,248	\$ 3,816	1.7%
Reimbursable revenue .....	\$ 1,276	\$ 1,149	\$ 127	11.1%
Earnings from unconsolidated affiliates, net of losses .....	\$ 1,053	\$ (736)	\$ 1,789	243.1%
Operating income .....	\$ 32,255	\$ 27,538	\$ 4,717	17.1%
Operating margin.....	14.1%	12.2%	1.9%	15.6%
Adjusted EBITDAR .....	\$ 73,528	\$ 57,864	\$ 15,664	27.1%
Adjusted EBITDAR margin.....	32.1%	25.7%	6.4%	24.9%

In early October 2012, we acquired eight large aircraft that are operated by Cougar in Canada, which resulted in a \$16.4 million increase in operating revenue in fiscal year 2014. Also, an increase of medium and large aircraft on contract in the U.S. Gulf of Mexico resulted in an increase of \$10.0 million of operating revenue in fiscal year 2014. These increases were partially offset by a decline in the number of small aircraft on contract in the U.S. Gulf of Mexico which reduced operating revenue by \$19.0 million, a decrease in revenue in Alaska of \$2.0 million and a decrease in fuel recharges of \$1.6 million in fiscal year 2014.

During fiscal year 2014, we recorded \$3.4 million in costs associated with the restructuring of this business unit and planned closure of our Alaska operations, which related primarily to employee severance costs and was excluded from adjusted EBITDAR and adjusted EBITDAR margin. During fiscal year 2013, we recorded a bad debt allowance of \$4.9 million for accounts receivable from ATP that were no longer considered probable of collection due to their filing for bankruptcy. Excluding this allowance, operating margin and adjusted EBITDAR margin for fiscal year 2013 would have been 14.4% and 27.8%, respectively. In fiscal year 2014, the increase in operating income, operating margin, adjusted EBITDAR and adjusted EBITDAR margin was due to the addition of aircraft operating in Canada beginning in October 2012, improvements in earnings from Cougar, our unconsolidated affiliate in Canada, and the lower level of bad debt expense, partially offset by decline in the number of small aircraft on contract in the U.S. Gulf of Mexico and Alaska. Additionally impacting operating income and operating margin was an increase in insurance expense in fiscal year 2014 of \$1.2 million primarily resulting from an increase in premiums across all business units due to a fire in Nigeria. The \$1.2 million of additional premiums in fiscal year 2014 was excluded from adjusted EBITDAR and adjusted EBITDAR margin.



Australia

	Fiscal Year Ended March 31,		Favorable (Unfavorable)	
	2014	2013		
	(In thousands, except percentages)			
Operating revenue .....	\$ 148,731	\$ 158,803	\$ (10,072)	(6.3)%
Reimbursable revenue .....	\$ 19,693	\$ 27,949	\$ (8,256)	(29.5)%
Operating income .....	\$ 5,523	\$ 25,283	\$ (19,760)	(78.2)%
Operating margin.....	3.7%	15.9%	(12.2)%	(76.7)%
Adjusted EBITDAR .....	\$ 29,111	\$ 43,001	\$ (13,890)	(32.3)%
Adjusted EBITDAR margin.....	19.6%	27.1%	(7.5)%	(27.7)%

Operating revenue for Australia declined due to the impact of certain short-term contracts ending of \$38.4 million and the negative impact of foreign currency exchange rate changes of \$13.8 million, partially offset by an increase of \$40.9 million from new contracts and ad hoc work. Additionally, reimbursable revenue decreased \$8.3 million in fiscal year 2014 due to timing of work, change in client mix and impact of changes in foreign currency exchange rates.

For fiscal year 2014, operating income, operating margin, adjusted EBITDAR and adjusted EBITDAR margin declined primarily due to the ending of certain short-term contracts discussed above and an increase in salaries of \$5.2 million. During fiscal year 2014, we incurred costs, including salaries and benefits, depreciation, insurance, training and lease costs in anticipation of contracts that started during the fourth quarter of fiscal year 2014 and in fiscal year 2015, including the INPEX contract. Additionally impacting operating income and operating margin was an increase in insurance expense in fiscal year 2014 of \$1.1 million primarily resulting from an increase in premiums across all business units due to a fire in Nigeria. The \$1.1 million of additional premiums in fiscal year 2014 was excluded from adjusted EBITDAR and adjusted EBITDAR margin. Results in Australia were impacted by additional salary and maintenance costs associated with the H225 aircraft return to service. Adjusted EBITDAR margin improved during the fourth quarter of fiscal year 2014 as we were able to recover \$3.6 million in credits for maintenance expense from our original equipment manufacturers as settlements for aircraft performance issues and reimbursement for transportation costs. For further details about the INPEX contract award and the H225 return to service, see “Executive Overview – Market Outlook.”

Other International

	Fiscal Year Ended March 31,		Favorable (Unfavorable)	
	2014	2013		
	(In thousands, except percentages)			
Operating revenue .....	\$ 133,794	\$ 132,088	\$ 1,706	1.3 %
Reimbursable revenue .....	\$ 227	\$ 574	\$ (347)	(60.5)%
Earnings from unconsolidated affiliates, net of losses .....	\$ 7,210	\$ 15,098	\$ (7,888)	(52.2)%
Operating income .....	\$ 33,769	\$ 45,201	\$ (11,432)	(25.3)%
Operating margin.....	25.2%	34.2%	(9.0)%	(26.3)%
Adjusted EBITDAR .....	\$ 63,778	\$ 61,495	\$ 2,283	3.7 %
Adjusted EBITDAR margin.....	47.7%	46.6%	1.1 %	2.4 %

Operating revenue for Other International increased slightly in fiscal year 2014 due to increased activity in Trinidad (\$8.3 million) and Brazil (\$3.6 million) and start-up of a contract in Tanzania (\$5.4 million), partially offset by the end of short-term contracts in Guyana (\$2.8 million) and a decline in aircraft on contract in Malaysia (\$11.0 million) and Mexico (\$2.0 million).

Operating income and operating margin decreased primarily due to a decrease of \$7.9 million in earnings from unconsolidated affiliates, net of losses, and a decline in aircraft on contract in Malaysia and Mexico, partially offset by increased activity in Brazil and start-up of operations in Tanzania.

Earnings from unconsolidated affiliates, net of losses, decreased primarily due to a decrease in earnings from our investment in Líder of \$11.9 million. During fiscal year 2014, we recorded \$13.6 million in reduced earnings from Líder for additional tax expense resulting primarily from a tax amnesty payment Líder made to the government of Brazil. Additionally, we received \$4.0 million in dividends from our cost method investment in Egypt during fiscal year 2014. See further discussion about our investment in Líder and the Brazil market in “Executive Overview – Market Outlook.” Adjusted EBITDAR and adjusted EBITDAR margin excluded \$13.6 million in lower earnings from Líder resulting from this tax amnesty payment.

Adjusted EBITDAR and adjusted EBITDAR margin improved primarily due to increased activity in Brazil, start-up of operations in Tanzania and higher earnings from unconsolidated affiliates, partially offset by the decrease in aircraft on contract in Malaysia and Mexico.

*Corporate and Other*

	Fiscal Year Ended March 31,		Favorable (Unfavorable)	
	2014	2013		
(In thousands, except percentages)				
Operating revenue .....	\$ 71,679	\$ 46,140	\$ 25,539	55.4 %
Reimbursable revenue .....	\$ 464	\$ 2,381	\$ (1,917)	(80.5)%
Operating loss.....	\$ (78,630)	\$ (64,046)	\$ (14,584)	(22.8)%
Adjusted EBITDAR.....	\$ (50,219)	\$ (51,649)	\$ 1,430	2.8 %

Corporate and other includes our Bristow Academy business unit, technical services business and corporate costs that have not been allocated to other business units.

Operating revenue increased primarily due to the addition of support fees for new helicopters operating in Canada of \$19.2 million and an increase in operating revenue at Bristow Academy of \$3.6 million resulting from an increase in military training.

Corporate operating expense primarily represents costs of our corporate office and other general and administrative costs not allocated to our business units. Operating loss increased primarily due to an increase in professional fees, information technology expense and incentive compensation during fiscal year 2014, partially offset by the increase in operating revenue. In fiscal year 2014, we recorded an impairment of inventory of \$12.7 million related primarily to spare parts held for a medium aircraft model which we decided to remove from our fleet over the next two fiscal years. Additionally, we recorded \$1.9 million in expense related to CEO succession and \$2.9 million for officer separation. The impairment of inventory, CEO succession and officer separation were excluded from adjusted EBITDAR.

During fiscal year 2014, approximately 86 pilots graduated from Bristow Academy. We hired 22 graduates as instructors at Bristow Academy and 59 graduates as pilots (mostly former instructors) into our other business units.

*Gain (loss) on disposal of assets*

Gain (loss) on disposal of assets decreased \$8.8 million to a loss of \$0.7 million for fiscal year 2014 from a gain of \$8.1 million for fiscal year 2013. The loss on disposal of assets in fiscal year 2014 included a gain of \$6.1 million from the sale of 46 aircraft and other equipment, partially offset by impairment charges totaling \$6.8 million related to 11 held for sale aircraft. During fiscal year 2013, the gain on disposal of assets included a gain of \$1.0 million from the sale of 16 aircraft and other equipment, \$2.8 million in insurance recoveries and the reversal of \$8.7 million of previously recorded impairment charges for four aircraft reclassified from held for sale to aircraft and equipment, partially offset by impairment charges totaling \$4.4 million related to 10 held for sale aircraft.

*Interest Expense, Net*

	Fiscal Year Ended March 31,		Favorable (Unfavorable)	
	2014	2013		
(In thousands, except percentages)				
Interest income .....	\$ 1,720	\$ 788	\$ 932	118.3 %
Interest expense .....	(40,243)	(37,839)	(2,404)	(6.4)%
Amortization of debt discount .....	(3,708)	(3,597)	(111)	(3.1)%
Amortization of debt fees .....	(15,091)	(7,604)	(7,487)	(98.5)%
Capitalized interest .....	14,104	6,594	7,510	113.9 %
Interest expense, net .....	<u>\$ (43,218)</u>	<u>\$ (41,658)</u>	<u>\$ (1,560)</u>	(3.7)%

The increase in interest expense, net in fiscal year 2014 was primarily due to an increase in borrowings on our Revolving Credit Facility. Additionally, fiscal year 2014 included the write-off of \$12.7 million of deferred financing fees related to a potential financing in connection with our bid to provide SAR services in the U.K. During fiscal year 2014, we increased our borrowing capacity on our Revolving Credit Facility from \$200 million to \$350 million and cancelled the potential financing. Partially offsetting the increased interest expense was an increase in capitalized interest due to an increase in average construction in progress in fiscal year 2014. During fiscal year 2013, interest expense, net included the write-off of deferred financing fees related to our 7 ½% Senior Notes and 364-Day Term Loan totaling \$4.7 million.

*Extinguishment of debt*

Extinguishment of debt included \$14.9 million in premium and fees as a result of the tender offer for and early redemption of the 7 ½% Senior Notes during fiscal year 2013.

*Gain on Sale of Unconsolidated Affiliate*

Gain on sale of unconsolidated affiliate included \$103.9 million in pre-tax gains related to the sale of the FB Entities during fiscal year 2014. See discussion of the FB Entities sale under “Executive Overview — Market Outlook” included elsewhere in this Annual Report.

*Other Income (Expense), Net*

	Fiscal Year Ended March 31,		Favorable (Unfavorable)	
	2014	2013		
(In thousands, except percentages)				
Foreign currency losses .....	\$ (3,684)	\$ (1,126)	\$ (2,558)	(227.2)%
Other .....	992	249	743	298.4 %
Other income (expense), net .....	<u>\$ (2,692)</u>	<u>\$ (877)</u>	<u>\$ (1,815)</u>	(207.0)%

Other income (expense), net decreased primarily due to an increase in foreign currency losses, partially offset by a gain of \$1.1 million on the sale of intellectual property during fiscal year 2014.

Taxes

	Fiscal Year Ended March 31,		Favorable (Unfavorable)	
	2014	2013		
	(In thousands, except percentages)			
Effective tax rate .....	23.4%	21.0%	(2.4)%	*
Net foreign tax on non-U.S. earnings.....	\$ 28,847	\$ 23,999	\$ (4,848)	(20.2)%
Benefit of foreign earnings indefinitely reinvested abroad..	(46,354)	(47,288)	(934)	(2.0)%
(Benefit) expense from change in tax contingency .....	(1,522)	187	1,709	*
Dividend inclusion as a result of internal realignment.....	2,625	—	(2,625)	*
Foreign statutory rate reduction .....	(2,944)	—	2,944	*
Benefit from foreign tax credits .....	(12,752)	(9,127)	3,625	39.7 %
Valuation allowance.....	4,532	—	(4,532)	*

\* percentage change not meaningful

Our effective income tax rate for fiscal year 2014 reflected \$36.6 million of tax expense for the sale of the FB entities, \$4.5 million of tax expense for an increase in valuation allowance and \$2.6 million of tax expense related to an internal reorganization, partially offset by a \$4.8 million benefit due to changes in our deferred taxes as a result of the Líder tax amnesty payment and a \$2.9 million benefit due to the revaluation of our deferred taxes as a result of the enactment of a tax rate reduction in the U.K. Excluding these items, our effective tax rate was 13.7% for fiscal year 2014.

Our effective tax rate for fiscal years 2014 and 2013 were reduced by the permanent investment outside the U.S. of foreign earnings, upon which no U.S. tax has been provided, and by the amount of our foreign source income and our ability to realize foreign tax credits. Our effective tax rate for fiscal year 2013 included a benefit due to revaluation of our deferred taxes as a result of the enactment of tax rate reductions in the U.K. effective April 1, 2012 and 2013. This revaluation benefit was offset by income tax expense related to other discrete items for fiscal year 2013.

*Noncontrolling Interest*

Noncontrolling interest expense was \$1.0 million in fiscal year 2014 compared to \$1.6 million for fiscal year 2013. The decrease in noncontrolling interest expense was primarily due to a decrease in net income from our operations in Russia. See Note 3 in the “Notes to Consolidated Financial Statements” included elsewhere in this Annual Report.

## Liquidity and Capital Resources

### Cash Flows

#### Operating Activities

Net cash provided by operating activities totaled \$253.2 million, \$232.1 million and \$266.8 million during fiscal years 2015, 2014 and 2013, respectively. Changes in non-cash working capital generated \$1.9 million, \$19.9 million and \$21.1 million in cash flows during fiscal years 2015, 2014 and 2013, respectively. During fiscal years 2015 and 2014, we received dividends from unconsolidated affiliates of \$9.4 million and \$1.6 million in excess of recorded earnings, respectively, and during fiscal year 2013, earnings from unconsolidated affiliates were \$9.2 million in excess of dividends received. During fiscal years 2015, 2014 and 2013, we pre-funded fiscal years 2016, 2015 and 2014 employer contributions for our U.K. pension plans, resulting in decreases in operating cash flow of \$18.6 million, \$20.8 million and \$19.0 million, respectively. Cash flow from operations continued to be strong in fiscal year 2015, with more cash generated from operations than in fiscal year 2014 even after the impact in fiscal year 2015 of significant payments made in preparation for the commencement of the U.K. SAR contract totaling \$33.2 million in fiscal year 2015 compared to \$7.1 million in fiscal year 2014.

#### Investing Activities

Cash flows used in investing activities were \$203.1 million, \$266.3 million and \$307.8 million for fiscal years 2015, 2014 and 2013, respectively. Cash was used primarily for capital expenditures as follows:

	Fiscal Year Ended March 31,		
	2015	2014	2013
Number of aircraft delivered:			
Medium.....	7	10	2
Large.....	14	11	17
Total aircraft.....	<u>21</u>	<u>21</u>	<u>19</u>
Capital expenditures (in thousands):			
Aircraft and related equipment.....	\$ 476,368	\$ 563,724	\$ 504,329
Other.....	125,466	64,889	67,096
Total capital expenditures.....	<u>\$ 601,834</u>	<u>\$ 628,613</u>	<u>\$ 571,425</u>

In addition to these capital expenditures, investing cash flows were impacted by the following items during the last three fiscal years:

*Fiscal Year 2015* — During fiscal year 2015, we received \$25.7 million in proceeds from the disposal of 30 aircraft and certain other equipment. Also, we received \$8.5 million in insurance recoveries and \$380.7 million for the sale of 14 aircraft which we subsequently leased back. Additionally, we sold our 50% interest in HCA for \$4.2 million. Cash was used for the acquisition of an 85% interest in Airnorth for \$20.3 million, net of cash received.

*Fiscal Year 2014* — During fiscal year 2014, we received proceeds of \$43.6 million primarily from the sale or disposal of 32 aircraft and certain other equipment and received \$246.4 million for the sale of 14 aircraft which we subsequently leased back. Additionally, we sold our 50% interest in the FB Entities for \$112.2 million. Cash was used for the acquisition of a 60% interest in Eastern Airways for \$39.9 million, net of cash received.

*Fiscal Year 2013* — During fiscal year 2013, we received proceeds of \$59.0 million primarily from the sale or disposal of 16 aircraft and certain other equipment and \$255.8 million for the sale of 11 large aircraft which we subsequently leased back. Also, we paid \$255.5 million (including \$5.5 million for transaction costs) for the investment in certain aircraft, facilities and inventory used by Cougar in its operations and 40 Class B shares in Cougar. Of this \$255.5 million amount, \$190.9 million was for aircraft and facilities included in the table above, \$13.4 million was for inventory and other current assets included in operating cash flows and \$51.2 million was for our investment in Class B shares of Cougar.

For further details on Airnorth, Eastern Airways and Cougar, see Note 3 in the “Notes to Consolidated Financial Statements” included elsewhere in this Annual Report.

## *Financing Activities*

We used cash in financing activities of \$128.3 million and \$13.0 million during fiscal years 2015 and 2013, respectively and generated cash from financing activities of \$10.2 million during fiscal year 2014.

During fiscal year 2015, we received \$453.0 million from borrowings on our Revolving Credit Facility and \$5.2 million in proceeds from the issuance of Common Stock upon exercise of stock options. During fiscal year 2015, we used cash for the repayment of debt totaling \$460.3 million, payment of dividends on our Common Stock totaling \$45.1 million and repurchases of our Common Stock totaling \$80.8 million.

During fiscal year 2014, we received \$528.6 million from borrowings on our Revolving Credit Facility and \$15.4 million in proceeds from the issuance of Common Stock issued upon exercise of stock options. During fiscal year 2014, we used cash for the repayment of debt totaling \$512.5 million, payment of deferred financing fees totaling \$15.5 million, payment of dividends on our Common Stock totaling \$36.3 million and repurchase of our Common Stock totaling \$77.7 million. Additionally, during fiscal year 2014, we received \$106.1 million for progress payments we had made on aircraft under construction and assigned any future payments due on these construction agreements to the purchaser.

During fiscal year 2013, we received \$225.0 million from borrowings under our 364-Day Credit Agreement, \$450.0 million in proceeds from the issuance of our 6 ¼% Senior Notes and \$15.3 million in proceeds from the issuance of our Common Stock upon exercise of stock options. We used \$663.9 million for the repayment of debt and debt redemption premiums (including \$364.9 million for early redemption of our 7 ½% Senior Notes and \$225.0 million for the repayment of our 364-Day Credit Facility), \$28.7 million for payment of dividends on our Common Stock, \$10.3 million for debt issuance costs and \$1.2 million for the repurchase of our Common Stock.

### ***Future Cash Requirements***

#### *Debt Obligations*

Total debt as of March 31, 2015 was \$864.4 million, of which \$18.7 million was classified as current. Our significant debt maturities relate to our 6 ¼% Senior Notes, Term Loan and 3% Convertible Senior Notes, which mature in calendar years 2022, 2019 and 2038, respectively, with the first put date for the 3% Convertible Senior Notes on June 15, 2015.

See further discussion of outstanding debt as of March 31, 2015 and our debt issuances and our debt redemptions in Note 5 in the “Notes to Consolidated Financial Statements” included elsewhere in this Annual Report.

#### *Pension Obligations*

As of March 31, 2015, we had recorded on our balance sheet a \$99.6 million pension liability related to the Bristow Helicopters Limited, Bristow International Aviation (Guernsey) Limited and Bristow Norway AS pension plans. The liability represents the excess of the present value of the defined benefit pension plan liabilities over the fair value of plan assets that existed at that date. The minimum funding rules of the U.K. require the employer to agree to a funding plan with the plans’ trustee (the “Trustee”) for securing that the pension plan has sufficient and appropriate assets to meet its technical provisions liabilities. In addition, where there is a shortfall in assets against this measure, we are required to make scheduled contributions in amounts sufficient to bring the plan up to 100% funded as quickly as can be reasonably afforded. We pre-funded the employer deficit recovery contributions for the main U.K. pension plan for fiscal years 2016, 2015 and 2014 in fiscal years 2015, 2014 and 2013 in the amount of £12.5 million (\$18.6 million), £12.5 million (\$20.8 million), and £12.5 million (\$19.0 million), respectively. Under U.K. legislation, an actuarial valuation must be carried out at least once every three years with interim reports for intervening years. The next tri-annual valuation will be in March 2016. The Bristow Norway pension plan will require contributions of approximately £92.6 million (\$137.4 million) in total for fiscal years 2016 through 2025. See further discussion of our pension plans in Note 9 in the “Notes to Consolidated Financial Statements” included elsewhere in this Annual Report.

#### *Contractual Obligations, Commercial Commitments and Off Balance Sheet Arrangements*

We have various contractual obligations which are recorded as liabilities on our consolidated balance sheet. Other items, such as certain purchase commitments, interest payments and other executory contracts are not recognized as liabilities on our consolidated balance sheet but are included in the table below. For example, we are contractually committed to make certain minimum lease payments for the use of property and equipment under operating lease agreements.

The following tables summarize our significant contractual obligations and other commercial commitments on an undiscounted basis as of March 31, 2015 and the future periods in which such obligations are expected to be settled in cash. In addition, the table reflects the timing of principal and interest payments on outstanding borrowings as of March 31, 2015. Additional details regarding these obligations are provided in Note 5, 6, 7 and 9 in the “Notes to Consolidated Financial Statements” included elsewhere in this Annual Report.

	Payments Due by Period				
	Total	Fiscal Year Ending March 31,			
		2016	2017 - 2018	2019 - 2020	2021 and beyond
(In thousands)					
Contractual obligations:					
Long-term debt and short-term borrowings:					
Principal <sup>(1)</sup> .....	\$ 865,757	\$ 18,730	\$ 57,425	\$ 264,749	\$ 524,853
Interest <sup>(2)</sup> .....	308,360	35,942	69,868	62,931	139,619
Aircraft operating leases <sup>(3)</sup> .....	660,293	158,066	292,857	182,371	26,999
Other operating leases <sup>(4)</sup> .....	92,781	8,378	16,662	16,126	51,615
Pension obligations <sup>(5)</sup> .....	212,154	29,857	60,961	46,388	74,948
Aircraft purchase obligations .....	668,331	416,617	164,483	87,231	—
Other purchase obligations <sup>(6)</sup> .....	308,244	38,189	57,210	59,810	153,035
Total contractual cash obligations.....	<u>\$ 3,115,920</u>	<u>\$ 705,779</u>	<u>\$ 719,466</u>	<u>\$ 719,606</u>	<u>\$ 971,069</u>
Other commercial commitments:					
Letters of credit.....	\$ 10,717	\$ 10,269	\$ 448	\$ —	\$ —
Contingent consideration <sup>(7)</sup> .....	55,894	41,466	11,372	3,056	—
Total commercial commitments.....	<u>\$ 66,611</u>	<u>\$ 51,735</u>	<u>\$ 11,820</u>	<u>\$ 3,056</u>	<u>\$ —</u>

<sup>(1)</sup> Excludes unamortized discount of \$0.9 million and \$0.4 million on the 3% Convertible Senior Notes and Term Loan, respectively. We have assumed that holders of our 3% Convertible Senior Notes do not exercise their right to require us to repurchase their notes on the first put date of June 15, 2015.

<sup>(2)</sup> Interest payments for variable interest debt are based on interest rates as of March 31, 2015.

<sup>(3)</sup> Represents separate operating leases for aircraft. During fiscal year 2015, we entered into 25 new aircraft operating leases.

<sup>(4)</sup> Represents minimum rental payments required under non-aircraft operating leases that have initial or remaining non-cancelable lease terms in excess of one year.

<sup>(5)</sup> Represents expected funding for pension benefits in future periods. These amounts are undiscounted and are based on the expectation that both the U.K. and Norway pension plans will be fully funded in approximately three years. As of March 31, 2015, we had recorded on our balance sheet a \$99.6 million pension liability associated with these obligations. The timing of funding our plans is dependent on actuarial valuations and resulting negotiations with the plan trustees.

<sup>(6)</sup> Other purchase obligations primarily represent unfilled purchase orders for aircraft parts, commitments associated with upgrading facilities at our bases and non-cancelable power-by-the-hour maintenance commitments.

<sup>(7)</sup> The Cougar purchase agreement includes a potential earn-out of \$40 million payable over three years based on Cougar achieving certain agreed performance targets. During fiscal year 2014, the first year earn-out payment of \$6.0 million was paid as Cougar achieved agreed performance targets. The fair value of the earn-out was \$32.5 million as of March 31, 2015 and is included in other accrued liabilities on our consolidated balance sheet. The second year earn-out payment of \$8.0 million was paid in April 2015 as Cougar achieved agreed performance targets. The Eastern Airways purchase agreement includes a potential earn-out of £6 million (\$10 million) over a three year period, which is contingent upon both the achievement of agreed performance targets and the continued employment of the selling shareholders. The first year earn-out payment was not achieved. The Airnorth purchase agreement includes a potential earn-out of A\$17 million (\$13.0 million) to be paid over four years. The fair value of a portion of the Airnorth earn-out, which is contingent upon the achievement of agreed performance targets, is A\$8.4 million (\$6.4 million) as of March 31, 2015 and is included in other accrued liabilities and other liabilities and deferred credits on our consolidated balance sheet. The remaining A\$7 million (\$5.3 million) of the Airnorth earn-out, which is contingent upon both the achievement of agreed performance targets and the continued employment of the selling shareholders, will be included as general and administrative expense in our consolidated statements of income as earned. The earn-outs for Cougar and Airnorth will be remeasured to fair value at each reporting date until the contingency is resolved and any changes in estimated fair value will be recorded as accretion expense included in depreciation and amortization on our consolidated statements of income.

## Financial Condition and Sources of Liquidity

The following table summarizes our capital structure and sources of liquidity as of March 31, 2015 and 2014 (in thousands):

	March 31,	
	2015	2014
<b>Capital structure:</b>		
6 ¼% Senior Notes due 2022 .....	\$ 401,535	\$ 450,000
Term Loan <sup>(1)</sup> .....	222,179	226,604
3% Convertible Senior Notes due 2038 .....	114,109	109,904
Revolving Credit Facility <sup>(1)</sup> .....	83,800	24,000
Airnorth debt .....	23,119	—
Eastern Airways debt.....	19,680	29,911
Other debt.....	—	883
Total debt.....	<u>864,422</u>	<u>841,302</u>
Stockholders' investment .....	1,618,786	1,756,586
Total capital.....	<u>\$ 2,483,208</u>	<u>\$ 2,597,888</u>
<b>Liquidity:</b>		
Cash.....	\$ 104,146	\$ 204,341
Undrawn borrowing capacity on Revolving Credit Facility <sup>(1)</sup> .....	265,715	325,515
Total liquidity.....	<u>\$ 369,861</u>	<u>\$ 529,856</u>
Adjusted debt to equity ratio <sup>(2)</sup> .....	99.7%	76.4%

<sup>(1)</sup> In April 2015, we increased the commitments under the Revolving Credit Facility from \$350 million to \$400 million and increased the Term Loan borrowings to \$350 million.

<sup>(2)</sup> Adjusted debt includes the net present value of operating leases totaling \$640.0 million and \$411.6 million, respectively, letters of credit, bank guarantees and financial guarantees totaling \$10.7 million and \$2.7 million, respectively, and the unfunded pension liability totaling \$99.6 million and \$86.8 million, respectively, as of March 31, 2015 and 2014. Adjusted debt to equity ratio is a non-GAAP financial measure that management believes provides meaningful supplemental information regarding our financial position.

We actively manage our liquidity through generation of cash from operations while assessing our funding needs on an ongoing basis. While we have generated significant cash from operations, financing cash flows have also been a significant source of liquidity over the past several years. The significant factors that affect our overall liquidity include capital expenditure commitments, pension funding, operating leases, adequacy of bank lines of credit and our ability to attract long-term capital on satisfactory terms.

Substantially all of our cash balances are held outside the U.S. and are generally used to meet the liquidity needs of our non-U.S. operations. Most of our cash held outside the U.S. could be repatriated to the U.S., but under current law, any such repatriation would be subject to U.S. federal income tax, as adjusted for applicable foreign tax credits. We have provided for U.S. federal income taxes on undistributed foreign earnings where we have determined that such earnings are not indefinitely reinvested. We expect to meet the continuing funding requirements of our U.S. operations with cash generated by such U.S. operations, cash from earnings generated by non-U.S. operations that are not indefinitely reinvested and our existing Revolving Credit Facility. If cash held by non-U.S. operations is required for funding operations in the U.S., and if U.S. tax has not previously been provided on the earnings of such operations, we would make a provision for additional U.S. tax in connection with repatriating this cash, which may be material to our cash flows and results of operations.

We expect that our cash on deposit as of March 31, 2015 of \$104.1 million, cash flow from operations, proceeds from aircraft sales and from the sale and leaseback of owned aircraft, available borrowing capacity under our Revolving Credit Facility, as well as future financings, as needed, will be sufficient to satisfy our capital commitments, including our aircraft purchase commitments to service our oil and gas clients, remaining anticipated capital requirements in connection with our U.K. SAR contract of approximately \$972.5 million as of March 31, 2015 and our obligation to repurchase our 3% Convertible Senior Notes at the option of the holders on June 15, 2015. The available borrowing capacity under our Revolving Credit Facility was of \$265.7 million as of March 31, 2015. In April 2015, we increased the commitments under the Revolving Credit Facility from \$350 million to \$400 million and increased the Term Loan borrowings to \$350 million. While we plan to continue to be disciplined concerning future capital commitments, we also intend to continue managing our capital structure and liquidity position with external financings as needed. Our strategy will involve funding our short-term liquidity requirements with borrowings under our Revolving Credit Facility and funding our long-term financing needs, while maintaining a prudent capital structure, among the following alternatives: operating leases, bank debt, private and public debt, and equity offerings.



## **Exposure to Currency Fluctuations**

See our discussion of the impact of market risk, including our exposure to currency fluctuations, on our financial position and results of operations discussed under Item 7A. “Quantitative and Qualitative Disclosures about Market Risk” included elsewhere in this Annual Report.

## **Critical Accounting Policies and Estimates**

Our consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the U.S. In many cases, the accounting treatment of a particular transaction is specifically dictated by generally accepted accounting principles, whereas, in other circumstances, generally accepted accounting principles require us to make estimates, judgments and assumptions that we believe are reasonable based upon information available. We base our estimates and judgments on historical experience, professional advice and various other sources that we believe to be reasonable under the circumstances. Actual results may differ from these estimates under different assumptions and conditions. We believe that of our significant accounting policies, as discussed in Note 1 in the “Notes to Consolidated Financial Statements” included elsewhere in this Annual Report, the following involve a higher degree of judgment and complexity. Our management has discussed the development and selection of critical accounting policies and estimates with the Audit Committee of our board of directors and the Audit Committee has reviewed our disclosure.

### ***Taxes***

Our annual tax provision is based on expected taxable income, statutory rates and tax planning opportunities available to us in the various jurisdictions in which we operate. The determination and evaluation of our annual tax provision and tax positions involves the interpretation of the tax laws in the various jurisdictions in which we operate and requires significant judgment and the use of estimates and assumptions regarding significant future events such as the amount, timing and character of income, deductions and tax credits. Changes in tax laws, regulations, agreements, tax treaties and foreign currency exchange restrictions or our level of operations or profitability in each jurisdiction would impact our tax liability in any given year. We also operate in many jurisdictions where the tax laws relating to the offshore oil service industry are open to interpretation which could potentially result in tax authorities asserting additional tax liabilities. While our annual tax provision is based on the best information available at the time, a number of years may elapse before the ultimate tax liabilities in the various jurisdictions are determined.

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

We maintain reserves for estimated income tax exposures in jurisdictions of operation. The expenses reported for these taxes, including our annual tax provision, include the effect of reserve provisions and changes to reserves that we consider appropriate, as well as related interest. Tax exposure items primarily include potential challenges to intercompany pricing, disposition transactions and the applicability or rate of various withholding taxes. These exposures are resolved primarily through the settlement of audits within these tax jurisdictions or by judicial means, but can also be affected by changes in applicable tax law or other factors, which could cause us to conclude that a revision of past estimates is appropriate. We believe that an appropriate liability has been established for estimated exposures. However, actual results may differ materially from these estimates. We review these liabilities quarterly. During fiscal years 2015 and 2013, we had accruals of reserves for estimated tax exposures of \$0.5 million and \$0.1 million, respectively, and during fiscal year 2014, we had net reversals of reserves for estimated tax exposures of \$1.5 million. We recognize interest and penalties accrued related to unrecognized tax benefits as a component of our provision for income taxes. As of March 31, 2015 and 2014, we had \$4.9 million and \$4.4 million, respectively, of unrecognized tax benefits, all of which would have an impact on our effective tax rate, if recognized. The \$4.2 million recorded in fiscal year 2014 relates to pre-acquisition tax matters for the February 2014 acquisition of a 60% interest in Eastern Airways and are the subject of an indemnity, for which a corresponding indemnity asset has been established for the same amount.

We do not believe it is possible to reasonably estimate the potential effect of changes to the assumptions and estimates identified because the resulting change to our tax liability, if any, is dependent on numerous factors which cannot be reasonably estimated. These include, among others, the amount and nature of additional taxes potentially asserted by local tax authorities; the willingness of local tax authorities to negotiate a fair settlement through an administrative process; the impartiality of the local courts; and the potential for changes in the tax paid to one country to either produce, or fail to produce, an offsetting tax change in other countries. Our experience has been that the estimates and assumptions we have used to provide for future tax assessments

have proven to be appropriate. However, past experience is only a guide and the potential exists that the tax resulting from the resolution of current and potential future tax controversies may differ materially from the amounts accrued.

Judgment is required in determining whether deferred tax assets will be realized in full or in part. When it is estimated to be more-likely-than-not that all or some portion of specific deferred tax assets, such as foreign tax credit carryovers or net operating loss carry forwards, will not be realized, a valuation allowance must be established for the amount of the deferred tax assets that are estimated to not be realizable. As of March 31, 2015, we have established deferred tax assets for foreign taxes we expect to be realizable. Our ability to realize the benefit of our deferred tax assets requires that we achieve certain future earnings levels prior to the expiration of our foreign tax credit carryforwards. In the event that our earnings performance projections or future financial conditions do not indicate that we will be able to benefit from our deferred tax assets, valuation allowances would be established following the “more-likely-than-not” criteria. We periodically evaluate our ability to utilize our deferred tax assets and, in accordance with accounting guidance related to accounting for income taxes, will record any resulting adjustments that may be required to deferred income tax expense in the period for which an existing estimate changes. If our facts or financial results were to change, thereby impacting the likelihood of establishing and then realizing the deferred tax assets, judgment would have to be applied to determine changes to the amount of the valuation allowance in any given period. Such changes could result in either a decrease or an increase in our provision for income taxes, depending on whether the change in judgment resulted in an increase or a decrease to the valuation allowance. We continually evaluate strategies that could allow for the future utilization of our deferred tax assets.

We consider the earnings of certain foreign subsidiaries to be indefinitely invested outside the U.S. on the basis of estimates that future cash generation will be sufficient to meet future U.S. cash needs and specific plans for foreign reinvestment of those earnings. As such, we have not provided for U.S. deferred taxes on the unremitted earnings of certain foreign subsidiaries as of March 31, 2015 that are indefinitely invested abroad of \$805.3 million. Should we decide to make distributions from the unremitted earnings of these subsidiaries in the future, additional tax liabilities would arise, offset by any available foreign tax credits. At the current time, a determination of the amount of unrecognized deferred tax liability is not practical.

We have not provided for deferred taxes in circumstances where we expect that, due to the structure of operations and applicable law, the operations in such jurisdictions will not give rise to future tax consequences. Should our expectations change regarding the expected future tax consequences, we may be required to record additional deferred taxes that could have a material adverse effect on our consolidated financial position, results of operations and cash flows.

### ***Property and Equipment***

Our net property and equipment represents 67% of our total assets as of March 31, 2015. We determine the carrying value of these assets based on our property and equipment accounting policies, which incorporate our estimates, assumptions, and judgments relative to capitalized costs, useful lives and salvage values of our assets.

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

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

We review our property and equipment for impairment when events or changes in circumstances indicate that the carrying value of assets or asset groups may be impaired or when reclassifications are made between property and equipment and assets held for sale.

Asset impairment evaluations are based on estimated undiscounted cash flows for the assets being evaluated. If the sum of the expected future cash flows is less than the carrying amount of the asset or asset group, we would be required to recognize an impairment loss. When determining fair value, we utilize various assumptions, including projections of future cash flows. A change

in these underlying assumptions will cause a change in the results of the tests and, as such, could cause fair value to be less than the carrying amounts. In such event, we would then be required to record a corresponding charge, which would reduce our earnings. We continue to evaluate our estimates and assumptions and believe that our assumptions, which include an estimate of future cash flows based upon the anticipated performance of the underlying contracts, are appropriate.

Supply and demand are the key drivers of aircraft idle time and our ability to contract our aircraft at economical rates. During periods of oversupply, it is not uncommon for us to have aircraft idled for extended periods of time, which could be an indication that an asset group may be impaired. In most instances our aircraft could be used interchangeably. In addition, our aircraft are generally equipped to operate throughout the world. Because our aircraft are mobile, we may move aircraft from a weak geographic market to a stronger geographic market if an adequate opportunity arises to do so. As such, our aircraft are considered to be interchangeable within classes or asset groups and accordingly, our impairment evaluation is made by asset group. Additionally, our management periodically makes strategic decisions related to our fleet that involve the possible removal of all or a substantial portion of specific aircraft types from our fleet, at which time these aircraft are reclassified to held for sale and subsequently sold or otherwise disposed of.

For aircraft types that are still operating where management has made the decision to sell or abandon the aircraft type at a fixed date, an analysis is completed to determine whether depreciation needs to be accelerated or additional depreciation recorded for an expected reduction in residual value at the planned disposal date.

Where a determination has been made to exit an entire asset group, the asset group is reviewed for potential impairment. An impairment loss is recorded in the period in which it is determined that the aggregate carrying amount of assets within an asset group is not recoverable. This requires us to make judgments regarding long-term forecasts of future revenue and cost related to the assets subject to review. In turn, these forecasts are uncertain in that they require assumptions about demand for our services, future market conditions and technological developments. Significant and unanticipated changes to these assumptions could require a provision for impairment in a future period. Given the nature of these evaluations and their application to specific asset groups and specific times, it is not possible to reasonably quantify the impact of changes in these assumptions.

### ***Pension Benefits***

Pension obligations are actuarially determined and are affected by assumptions including discount rates, compensation increases and employee turnover rates. The recognition of these obligations through the statement of income is also affected by assumptions about expected returns on plan assets. We evaluate our assumptions periodically and make adjustments to these assumptions and the recorded liabilities as necessary.

Three of the most critical assumptions are the expected long-term rate of return on plan assets, the assumed discount rate and the mortality rate. We evaluate our assumptions regarding the estimated long-term rate of return on plan assets based on historical experience and future expectations on investment returns, which are calculated by our third-party investment advisor utilizing the asset allocation classes held by the plans' portfolios. We utilize a British pound sterling denominated AA corporate bond index as a basis for determining the discount rate for our U.K. plans and NOK-denominated corporate bonds that are credit-rated AA or AAA as a basis for determining the discount rate for our Norway plan. We base mortality rates utilized on actuarial research on these rates, which are adjusted to allow for expected mortality within our industry segment and, where available, individual plan experience data. Changes in these and other assumptions used in the actuarial computations could impact our projected benefit obligations, pension liabilities, pension expense and other comprehensive income. We base our determination of pension expense on a fair value valuation of assets and an amortization approach for assessed gains and losses that reduces year-to-year volatility. This approach recognizes investment and other actuarial gains or losses over the average remaining lifetime of the plan members. Investment gains or losses for this purpose are the difference between the expected return calculated using the market-related value of assets and the actual return based on the market-related value of assets.

### ***Allowance for Doubtful Accounts***

We establish allowances for doubtful accounts on a case-by-case basis when we believe the payment of amounts owed to us is unlikely to occur. In establishing these allowances, we consider a number of factors, including our historical experience, changes in our client's financial position and restrictions placed on the conversion of local currency to U.S. dollars, as well as disputes with clients regarding the application of contract provisions to our services.

We derive a significant portion of our revenue from services to major integrated oil and gas companies and government-owned or government-controlled oil and gas companies. Our receivables are concentrated in certain oil-producing countries. We generally do not require collateral or other security to support client receivables. If the financial condition of our clients was to deteriorate or their access to freely-convertible currency was restricted, resulting in impairment of their ability to make the required payments, additional allowances may be required.

### ***Inventory Allowance***

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

### ***Contingent Liabilities***

We establish reserves for estimated loss contingencies when we believe a loss is probable and the amount of the loss can be reasonably estimated. Our contingent liability reserves relate primarily to potential tax assessments, litigation, personal injury claims and environmental liabilities. Income for each reporting period includes revisions to contingent liability reserves resulting from different facts or information which becomes known or circumstances which change and affect our previous assumptions with respect to the likelihood or amount of loss. Such revisions are based on information which becomes known or circumstances that change after the reporting date for the previous period through the reporting date of the current period. Reserves for contingent liabilities are based upon our assumptions and estimates regarding the probable outcome of the matter. Should the outcome differ from our assumptions and estimates or other events result in a material adjustment to the accrued estimated reserves, revisions to the estimated reserves for contingent liabilities would be required to be recognized.

### ***Goodwill Impairment***

We perform a test for impairment of our goodwill annually as of March 31 and whenever events or circumstances indicate impairment may have occurred. We first assess qualitative factors to determine if it is more-likely-than-not that the fair value of a reporting unit is less than its carrying amount and if a quantitative assessment should be performed. An entity may also bypass the qualitative assessment for any reporting unit in any period and proceed directly to the quantitative impairment test. Because our business is cyclical in nature, goodwill could be significantly impaired depending on when the assessment is performed in the business cycle. As of March 31, 2015, we performed a qualitative analysis and concluded it is more likely than not that the fair value of each reporting unit is not less than the carrying value and, therefore, did not perform a quantitative analysis for the reporting units with goodwill except for Bristow Academy, which is included within Corporate and other for segment reporting purposes. Bristow Academy's fiscal year 2015 results were lower than internal expectations; therefore, we performed a quantitative analysis as of March 31, 2015 and concluded that the fair value of the reporting unit was 18.3% more than the carrying value for Bristow Academy. Accordingly, the annual impairment assessment as of March 31, 2015 indicated that there is no impairment of goodwill. The qualitative factors considered during our assessment include the capital markets environment, global economic conditions, the demand for helicopter services, the necessity for training of new pilots (Bristow Academy only), changes in our results of operations, the magnitude of the excess of fair value over the carrying amount of each reporting unit as determined in prior years' quantitative testing and other factors. The fair value of our reporting units is based on a blend of estimated discounted cash flows, publicly traded company multiples and acquisition multiples and involve the use of a discounted cash flow model utilizing estimated future earnings and cash flows and our weighted-average cost of capital. Publicly traded company multiples and acquisition multiples are derived from information on traded shares and analysis of recent acquisitions in the marketplace, respectively, for companies with operations similar to ours. Changes in the assumptions used in the fair value calculation could result in an estimated reporting unit fair value that is below the carrying value, which may give rise to an impairment of goodwill.

### **Recent Accounting Pronouncements**

See Note 1 in the "Notes to Consolidated Financial Statements" included elsewhere in this Annual Report for discussion of recent accounting pronouncements.

## Item 7A. *Quantitative and Qualitative Disclosures about Market Risk*

We are subject to certain market risks arising from the use of financial instruments in the ordinary course of business. This risk arises primarily as a result of potential changes in the fair market value of financial instruments that would result from adverse fluctuations in foreign currency exchange rates, credit risk and interest rates as discussed below. The sensitivity analyses presented do not consider the effects that such adverse changes may have on overall economic activity, nor do they consider additional actions we may take to mitigate our exposure to such changes. Actual results may differ. See the notes to our consolidated financial statements included in Item 8 of this Annual Report for a description of our accounting policies and other information related to these financial instruments.

### *Foreign Currency Risk*

Through our foreign operations, we are exposed to currency fluctuations and exchange rate risks. The majority of our revenue and expense from our North Sea operations are in British pound sterling. Approximately 32% of our gross revenue for fiscal year 2015 was translated for financial reporting purposes from British pound sterling into U.S. dollars. In addition, some of our contracts to provide services internationally provide for payment in foreign currencies. Our foreign exchange rate risk is even greater when our revenue is denominated in a currency different from the associated costs. We attempt to minimize our foreign exchange rate exposure by contracting the majority of our services other than our North Sea operations in U.S. dollars. As a result, a strong U.S. dollar may increase the local cost of our services that are provided under U.S. dollar denominated contracts, which may reduce the demand for our services in certain foreign countries. Except as described below, we do not enter into hedging transactions to protect against foreign exchange risks related to our revenue.

Throughout fiscal years 2015, 2014 and 2013, our primary foreign currency exposure has been to the British pound sterling, the euro, the Australian dollar, the Norwegian kroner, and the Nigerian naira. The value of these currencies has fluctuated relative to the U.S. dollar as indicated in the following table:

	<b>Fiscal Years Ended March 31,</b>		
	<b>2015</b>	<b>2014</b>	<b>2013</b>
One British pound sterling into U.S. dollars			
High.....	1.72	1.68	1.63
Average.....	1.60	1.59	1.58
Low.....	1.47	1.48	1.49
At period-end.....	1.48	1.67	1.52
One euro into U.S. dollars			
High.....	1.39	1.39	1.37
Average.....	1.25	1.34	1.29
Low.....	1.05	1.28	1.21
At period-end.....	1.07	1.38	1.28
One Australian dollar into U.S. dollars			
High.....	0.95	1.07	1.06
Average.....	0.87	0.93	1.03
Low.....	0.76	0.87	0.97
At period-end.....	0.76	0.93	1.04
One Norwegian kroner into U.S. dollars			
High.....	0.1698	0.1753	0.1834
Average.....	0.1507	0.1670	0.1733
Low.....	0.1203	0.1590	0.1632
At period-end.....	0.1251	0.1666	0.1712
One Nigerian naira into U.S. dollars			
High.....	0.0063	0.0065	0.0065
Average.....	0.0059	0.0063	0.0064
Low.....	0.0049	0.0061	0.0061
At period-end.....	0.0051	0.0061	0.0064

Source: Bank of England and Oanda.com

Our earnings from unconsolidated affiliates, net of losses, are also affected by the impact of changes in foreign currency exchange rates on the reported results of our unconsolidated affiliates. Earnings from unconsolidated affiliates, net of losses, were decreased by \$25.7 million, \$3.9 million and \$3.9 million during fiscal years 2015, 2014 and 2013, respectively, as a result of the impact of changes in foreign currency exchange rates on the results of our unconsolidated affiliates, primarily the impact of changes in the Brazilian real to U.S. dollar exchange rate on earnings from our affiliate in Brazil. The value of the Brazilian real has fluctuated relative to the U.S. dollar as indicated in the following table:

	<b>Fiscal Years Ended March 31,</b>		
	<b>2015</b>	<b>2014</b>	<b>2013</b>
One Brazilian real into U.S. dollars			
High.....	0.4572	0.5123	0.5488
Average.....	0.4096	0.4471	0.4985
Low.....	0.3052	0.4093	0.4685
At period-end.....	0.3080	0.4432	0.4953

Source: Oanda.com

A hypothetical 10% change in the average U.S. dollar exchange rate relative to other currencies would have affected our revenue, operating expense and operating income for fiscal year 2015 as follows:

	<b>British pound sterling</b>	<b>Euro</b>	<b>Australian dollar</b>	<b>Nigerian Naira</b>	<b>Norwegian kroner</b>
Revenue.....	3.7%	0.2%	1.0%	0.3 %	1.0%
Operating expense.....	3.3%	0.2%	1.1%	0.5 %	1.0%
Operating income.....	6.7%	0.1%	0.6%	(1.8)%	0.9%

The effect of the hypothetical change in exchange rates ignores the effect this movement may have on other variables, including competitive risk. If it were possible to quantify this competitive risk impact, the results could be different from the sensitivity effects shown above. In addition, all currencies may not uniformly strengthen or weaken relative to the U.S. dollar. In reality, some currencies may weaken while others may strengthen.

In the past three fiscal years, our stockholders' investment has decreased by \$69.0 million as a result of translation adjustments. Changes in exchange rates could cause significant changes in our financial position and results of operations in the future.

As a result of the changes in exchange rates, we recorded foreign currency transaction losses of \$6.5 million, \$3.7 million and \$1.1 million during fiscal years 2015, 2014, and 2013, respectively.

We estimate that the fluctuation of these currencies for fiscal year 2015 versus the prior fiscal year had the following effect on our financial condition and results of operations, net of the effect of the derivative contracts discussed below (in thousands):

	<b>Fiscal Year Ended March 31, 2015</b>
Revenue.....	\$ (29,230)
Operating expense.....	31,679
Earnings from unconsolidated affiliates, net of losses.....	(21,817)
Non-operating expense.....	(2,848)
Income before provision for income taxes.....	(22,216)
Provision from income taxes.....	4,665
Net income.....	(17,551)
Cumulative translation adjustment.....	(76,845)
Total stockholders' investment.....	<u>\$ (94,396)</u>

A hypothetical 10% decrease in the value of the foreign currencies in which our business is denominated relative to the U.S. dollar as of March 31, 2015 would result in an \$18.8 million decrease in the fair value of our net monetary assets denominated in currencies other than U.S. dollars.

### ***Credit Risk***

The market for our services and products is primarily the offshore oil and gas industry, and our clients consist primarily of major integrated, national and independent oil and gas producers. We perform ongoing credit evaluations of our clients and have not historically required collateral. We maintain allowances for potential credit losses.

Cash equivalents, which consist of funds invested in highly-liquid debt instruments with original maturities of 90 days or less, are held by major banks or investment firms, and we believe that credit risk in these instruments is minimal. We also manage our credit risk by not entering into complex financial transactions or those with a perceived high level of credit risk.

For more information on the impact of the global market conditions see Item 7. “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Executive Overview — Market Outlook” and Item 7. “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — Financial Condition and Sources of Liquidity” included elsewhere in this Annual Report.

### ***Interest Rate Risk***

As of March 31, 2015, we had \$864.4 million of debt outstanding, of which \$347.8 million carried a variable rate of interest. The market value of our fixed rate debt fluctuates with changes in interest rates. The fair value of our debt has been estimated in accordance with the accounting standard regarding fair value. The fair value of our fixed rate long-term debt is estimated based on quoted market prices. The carrying and fair value of our long-term debt, including the current portion, were as follows (in thousands):

	March 31,			
	2015		2014	
	Carrying Value	Fair Value	Carrying Value	Fair Value
6 ¼% Senior Notes .....	\$ 401,535	\$ 381,458	\$ 450,000	\$ 477,000
Term Loan.....	222,179	222,179	226,604	226,604
3% Convertible Senior Notes.....	114,109	115,288	109,904	142,382
Revolving Credit Facility.....	83,800	83,800	24,000	24,000
Airmorth debt.....	23,119	23,119	—	—
Eastern Airways debt.....	19,680	19,680	29,911	29,911
Other debt.....	—	—	883	883
	<u>\$ 864,422</u>	<u>\$ 845,524</u>	<u>\$ 841,302</u>	<u>\$ 900,780</u>

If prevailing market interest rates had been 1% higher as of March 31, 2015, and all other factors affecting our debt remained the same, the fair value of the 6 ¼% Senior Notes and the 3% Convertible Senior Notes would have decreased by \$39.0 million or 7.8%, respectively. Under comparable sensitivity analysis as of March 31, 2014, the fair value of the 6 ¼% Senior Notes and 3% Convertible Senior Notes would have decreased by \$53.4 million or 8.6%, respectively.

**Item 8. Consolidated Financial Statements and Supplementary Data**

**Report of Independent Registered Public Accounting Firm**

To the Board of Directors and Stockholders  
Bristow Group Inc.:

We have audited the accompanying consolidated balance sheets of Bristow Group Inc. and subsidiaries as of March 31, 2015 and 2014, and the related consolidated statements of income, comprehensive income, cash flows, and stockholders' investment for each of the years in the three-year period ended March 31, 2015. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Bristow Group Inc. and subsidiaries as of March 31, 2015 and 2014, and the results of their operations and their cash flows for each of the years in the three-year period ended March 31, 2015, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Bristow Group Inc.'s internal control over financial reporting as of March 31, 2015, based on criteria established in *Internal Control — Integrated Framework* (1992) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated May 20, 2015 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

/s/ KPMG LLP

Houston, Texas

May 20, 2015



**BRISTOW GROUP INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF INCOME**

	Fiscal Year Ended March 31,		
	2015	2014	2013
	(In thousands, except per share amounts)		
Gross revenue:			
Operating revenue from non-affiliates.....	\$ 1,639,263	\$ 1,423,653	\$ 1,290,284
Operating revenue from affiliates.....	87,724	92,673	53,731
Reimbursable revenue from non-affiliates.....	131,682	153,180	164,184
Reimbursable revenue from affiliates.....	—	76	274
	<u>1,858,669</u>	<u>1,669,582</u>	<u>1,508,473</u>
Operating expense:			
Direct cost.....	1,174,991	1,041,575	900,378
Reimbursable expense.....	124,566	144,557	157,416
Impairment of inventories.....	7,167	12,669	—
Depreciation and amortization.....	114,293	95,977	96,284
General and administrative.....	254,158	199,814	163,389
	<u>1,675,175</u>	<u>1,494,592</u>	<u>1,317,467</u>
Gain (loss) on disposal of assets.....	(35,849)	(722)	8,068
Earnings from unconsolidated affiliates, net of losses.....	(1,771)	12,709	25,070
Operating income.....	145,874	186,977	224,144
Interest expense, net.....	(29,354)	(43,218)	(41,658)
Extinguishment of debt.....	(2,591)	—	(14,932)
Gain on sale of unconsolidated affiliates.....	3,921	103,924	—
Other income (expense), net.....	(6,377)	(2,692)	(877)
Income before provision for income taxes.....	111,473	244,991	166,677
Provision for income taxes.....	(22,766)	(57,212)	(35,002)
Net income.....	88,707	187,779	131,675
Net income attributable to noncontrolling interests.....	(4,407)	(1,042)	(1,573)
Net income attributable to Bristow Group.....	<u>\$ 84,300</u>	<u>\$ 186,737</u>	<u>\$ 130,102</u>
Earnings per common share:			
Basic.....	<u>\$ 2.40</u>	<u>\$ 5.15</u>	<u>\$ 3.61</u>
Diluted.....	<u>\$ 2.37</u>	<u>\$ 5.09</u>	<u>\$ 3.57</u>
Cash dividends declared per common share.....	<u>\$ 1.28</u>	<u>\$ 1.00</u>	<u>\$ 0.80</u>

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

**BRISTOW GROUP INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

	Fiscal Year Ended March 31,		
	2015	2014	2013
	(In thousands)		
Net income .....	\$ 88,707	\$187,779	\$ 131,675
Other comprehensive income:			
Currency translation adjustments .....	(71,617)	18,729	(11,982)
Pension liability adjustment, net of tax provision (benefit) of \$10.6 million, \$(10.4) million and \$10.0 million, respectively .....	(36,978)	23,367	(28,462)
Total comprehensive income (loss).....	(19,888)	229,875	91,231
Net income attributable to noncontrolling interests .....	(4,407)	(1,042)	(1,573)
Currency translation adjustments attributable to noncontrolling interests.....	(5,228)	1,081	—
Total comprehensive (income) loss attributable to noncontrolling interests .....	(9,635)	39	(1,573)
Total comprehensive income (loss) attributable to Bristow Group .....	<u>\$ (29,523)</u>	<u>\$229,914</u>	<u>\$ 89,658</u>

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

**BRISTOW GROUP INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**

March 31,

2015      2014

(In thousands)

**ASSETS**

Current assets:		
Cash and cash equivalents.....	\$ 104,146	\$ 204,341
Accounts receivable from non-affiliates .....	250,610	292,650
Accounts receivable from affiliates.....	8,008	4,793
Inventories .....	147,169	137,463
Assets held for sale.....	57,827	29,276
Prepaid expenses and other current assets.....	70,091	53,084
Total current assets.....	<u>637,851</u>	<u>721,607</u>
Investment in unconsolidated affiliates .....	216,376	262,615
Property and equipment – at cost:		
Land and buildings .....	171,959	145,973
Aircraft and equipment.....	2,493,869	2,646,150
	<u>2,665,828</u>	<u>2,792,123</u>
Less – Accumulated depreciation and amortization.....	(508,727)	(523,372)
	<u>2,157,101</u>	<u>2,268,751</u>
Goodwill .....	75,628	56,680
Other assets .....	143,764	88,604
Total assets.....	<u>\$ 3,230,720</u>	<u>\$ 3,398,257</u>

**LIABILITIES AND STOCKHOLDERS' INVESTMENT**

Current liabilities:		
Accounts payable .....	\$ 84,193	\$ 89,818
Accrued wages, benefits and related taxes.....	81,648	71,192
Income taxes payable .....	7,926	13,588
Other accrued taxes .....	13,335	9,302
Deferred revenue .....	36,784	31,157
Accrued maintenance and repairs .....	23,316	17,249
Accrued interest.....	12,831	16,157
Other accrued liabilities .....	82,605	45,853
Deferred taxes .....	17,704	12,372
Short-term borrowings and current maturities of long-term debt .....	18,730	14,207
Deferred sale leaseback advance.....	55,934	136,930
Total current liabilities.....	<u>435,006</u>	<u>457,825</u>
Long-term debt, less current maturities .....	845,692	827,095
Accrued pension liabilities .....	99,576	86,823
Other liabilities and deferred credits.....	39,782	78,126
Deferred taxes.....	165,655	169,519
Commitments and contingencies (Note 7)		
Temporary equity.....	26,223	22,283
Stockholders' investment:		
Common stock, \$.01 par value, authorized 90,000,000; outstanding: 34,838,374 and 35,708,469 shares (exclusive of 1,291,441 treasury shares).....	376	373
Additional paid-in capital.....	781,837	762,813
Retained earnings .....	1,284,442	1,245,220
Accumulated other comprehensive loss .....	(270,329)	(156,506)
Treasury shares, at cost (2,756,419 and 1,595,479 shares, respectively).....	(184,796)	(103,965)
Total Bristow Group stockholders' investment.....	<u>1,611,530</u>	<u>1,747,935</u>
Noncontrolling interests.....	7,256	8,651
Total stockholders' investment.....	<u>1,618,786</u>	<u>1,756,586</u>
Total liabilities and stockholders' investment.....	<u>\$ 3,230,720</u>	<u>\$ 3,398,257</u>

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

**BRISTOW GROUP INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

	Fiscal Year Ended March 31,		
	2015	2014	2013
	(In thousands)		
Cash flows from operating activities:			
Net income .....	\$ 88,707	\$ 187,779	\$ 131,675
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization .....	114,293	95,977	96,284
Deferred income taxes .....	(7,457)	5,465	(8,587)
Write-off of deferred financing fees.....	660	12,733	4,642
Discount amortization on long-term debt .....	4,323	3,708	3,597
(Gain) loss on disposal of assets .....	35,849	722	(8,068)
Gain on sale of unconsolidated affiliates .....	(3,921)	(103,924)	—
Impairment of inventories .....	7,167	12,669	—
Extinguishment of debt .....	2,591	—	14,932
Stock-based compensation.....	16,353	15,433	11,869
Equity in earnings from unconsolidated affiliates less than (in excess of) dividends received.....	9,418	1,629	(9,244)
Tax benefit related to stock-based compensation.....	(1,550)	(5,723)	(500)
Increase (decrease) in cash resulting from changes in:			
Accounts receivable .....	24,112	3,647	(2,739)
Inventories.....	(21,478)	12,824	(1,340)
Prepaid expenses and other assets.....	(25,485)	(3,149)	(39,269)
Accounts payable .....	(4,665)	(5,154)	25,654
Accrued liabilities .....	29,461	11,697	38,790
Other liabilities and deferred credits.....	(15,152)	(14,239)	9,068
Net cash provided by operating activities .....	253,226	232,094	266,764
Cash flows from investing activities:			
Capital expenditures.....	(601,834)	(628,613)	(571,425)
Acquisitions, net of cash received.....	(20,303)	(39,850)	—
Proceeds from sale of unconsolidated affiliates.....	4,185	112,210	—
Proceeds from asset dispositions.....	414,859	289,951	314,847
Investment in unconsolidated affiliates.....	—	—	(51,179)
Net cash used in investing activities .....	(203,093)	(266,302)	(307,757)
Cash flows from financing activities:			
Proceeds from borrowings .....	454,393	533,064	675,449
Payment of contingent consideration .....	—	(6,000)	—
Debt issuance costs .....	—	(15,523)	(10,344)
Repayment of debt and debt redemption premiums .....	(460,274)	(512,492)	(663,921)
Proceeds from assignment of aircraft purchase agreements .....	—	106,113	—
Partial prepayment of put/call obligation.....	(59)	(57)	(63)
Acquisition of noncontrolling interest .....	(3,170)	(2,078)	—
Repurchase of common stock .....	(80,831)	(77,661)	(1,219)
Common stock dividends paid.....	(45,078)	(36,320)	(28,734)
Issuance of common stock .....	5,172	15,398	15,289
Tax benefit related to stock-based compensation.....	1,550	5,723	500
Net cash provided by (used in) financing activities .....	(128,297)	10,167	(13,043)
Effect of exchange rate changes on cash and cash equivalents.....	(22,031)	12,759	8,109
Net decrease in cash and cash equivalents .....	(100,195)	(11,282)	(45,927)
Cash and cash equivalents at beginning of period .....	204,341	215,623	261,550
Cash and cash equivalents at end of period.....	<u>\$ 104,146</u>	<u>\$ 204,341</u>	<u>\$ 215,623</u>
Supplemental disclosure of non-cash investing activities:			
Aircraft received for payment on accounts receivable.....	\$ —	\$ —	\$ 8,300
Contingent liability for investment in unconsolidated affiliate.....	\$ —	\$ —	\$ 34,245
Deferred sale leaseback advance.....	\$ 69,680	\$ 60,194	\$ —
Completion of deferred sale leaseback .....	\$ (183,688)	\$ —	\$ —
Aircraft sold for future spare parts and maintenance .....	\$ 13,417	\$ —	\$ —

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

**BRISTOW GROUP INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF STOCKHOLDERS' INVESTMENT**  
(In thousands, except share amounts)

	Total Bristow Group Stockholders' Investment							
	Common Stock	Common Stock (Shares)	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income Loss	Treasury Stock	Non- Controlling Interests	Total Stockholders' Investment
March 31, 2012.....	\$ 363	35,755,317	\$ 703,628	\$ 993,435	\$ (159,239)	\$ (25,085)	\$ 8,722	\$ 1,521,824
Issuance of common stock .....	4	420,031	28,255	—	—	—	—	28,259
Distributions paid to noncontrolling interests .....	—	—	—	—	—	—	(63)	(63)
Repurchases of common stock .....	—	(24,709)	—	—	—	(1,219)	—	(1,219)
Common stock dividends (\$0.80 per share) .....	—	—	—	(28,734)	—	—	—	(28,734)
Currency translation adjustments .....	—	—	—	—	—	—	(341)	(341)
Net income .....	—	—	—	130,102	—	—	1,573	131,675
Other comprehensive loss .....	—	—	—	—	(40,444)	—	—	(40,444)
March 31, 2013.....	367	36,150,639	731,883	1,094,803	(199,683)	(26,304)	9,891	1,610,957
Issuance of common stock .....	6	601,405	33,008	—	—	—	—	33,014
Correction of historical shares outstanding .....	—	300	—	—	—	—	—	—
Acquisition of noncontrolling interests .....	—	—	(2,078)	—	—	—	—	(2,078)
Distributions paid to noncontrolling interests .....	—	—	—	—	—	—	(57)	(57)
Repurchases of common stock .....	—	(1,043,875)	—	—	—	(77,661)	—	(77,661)
Common stock dividends (\$1.00 per share) .....	—	—	—	(36,320)	—	—	—	(36,320)
Currency translation adjustments <sup>(1)</sup> .....	—	—	—	—	—	—	(1,554)	(1,554)
Net income <sup>(2)</sup> .....	—	—	—	186,737	—	—	371	187,108
Other comprehensive income .....	—	—	—	—	43,177	—	—	43,177
March 31, 2014.....	373	35,708,469	762,813	1,245,220	(156,506)	(103,965)	8,651	1,756,586
Issuance of common stock .....	3	290,754	22,194	—	—	—	—	22,197
Correction of historical shares outstanding .....	—	91	—	—	—	—	—	—
Acquisition of noncontrolling interests .....	—	—	(3,170)	—	—	—	—	(3,170)
Distributions paid to noncontrolling interests .....	—	—	—	—	—	—	(59)	(59)
Repurchases of common stock .....	—	(1,160,940)	—	—	—	(80,831)	—	(80,831)
Common stock dividends (\$1.28 per share) .....	—	—	—	(45,078)	—	—	—	(45,078)
Currency translation adjustments <sup>(1)</sup> .....	—	—	—	—	—	—	(2,392)	(2,392)
Net income <sup>(2)</sup> .....	—	—	—	84,300	—	—	1,056	85,356
Other comprehensive loss .....	—	—	—	—	(113,823)	—	—	(113,823)
March 31, 2015.....	\$ 376	34,838,374	\$ 781,837	\$ 1,284,442	\$ (270,329)	\$ (184,796)	\$ 7,256	\$ 1,618,786

<sup>(1)</sup> Currency translation adjustments attributable to noncontrolling interests for fiscal years 2015 and 2014 excluded \$2.8 million and \$0.5 million, respectively, allocable to temporary equity.

<sup>(2)</sup> Net income attributable to noncontrolling interests for fiscal years 2015 and 2014 excluded \$3.4 million and \$0.7 million, respectively, allocable to temporary equity.

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

**BRISTOW GROUP AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note 1 — OPERATIONS, BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Operations***

Bristow Group Inc., a Delaware corporation (together with its consolidated entities, unless the context requires otherwise, “Bristow Group”, the “Company”, “we”, “us”, or “our”), is the leading provider of helicopter services to the worldwide offshore energy industry based on the number of aircraft operated and one of two helicopter service providers to the offshore energy industry with global operations. With a fleet of 501 aircraft as of March 31, 2015, including 130 held by unconsolidated affiliates, Bristow Group and its affiliates conduct major transportation operations in the North Sea, Nigeria and the U.S. Gulf of Mexico, and in most of the other major offshore energy regions of the world, including Australia, Brazil, Canada, Russia and Trinidad. We and our affiliates provide private sector search and rescue (“SAR”) services in Australia, Canada, Norway, Russia and Trinidad, and we provide public sector SAR services in North Scotland on behalf of the Maritime & Coastguard Agency. Additionally, in March 2013, we were awarded a contract to provide public sector SAR services for all of the U.K. (the “U.K. SAR contract”) that commenced in April 2015. Certain of our affiliates also provide fixed wing charter and scheduled services targeting U.K. and Australia oil and gas industry transport, helicopter military training and helicopter flight training.

***Basis of Presentation***

The consolidated financial statements include the accounts of Bristow Group Inc. and its consolidated entities after elimination of all significant intercompany accounts and transactions. Investments in affiliates in which we have a majority voting interest and entities that meet the criteria of Variable Interest Entities (“VIEs”) of which we are the primary beneficiary are consolidated. See discussion of VIEs in Note 3. We apply the equity method of accounting for investments in entities if we have the ability to exercise significant influence over an entity that (a) does not meet the variable interest entity criteria or (b) meets the variable interest entity criteria, but for which we are not deemed to be the primary beneficiary. We apply the cost method of accounting for investments in other entities if we do not have the ability to exercise significant influence over the unconsolidated affiliate. These investments in private companies are carried at cost and are adjusted only for capital distributions and other-than-temporary declines in value. Dividends from cost method investments are recognized in earnings from unconsolidated affiliates, net of losses, when paid.

Effective January 29, 2015, we acquired and began consolidating Capiteq Limited which operates under the name Airnorth. Effective February 6, 2014, we acquired and began consolidating Eastern Airways International Limited (“Eastern Airways”). See Note 2 for further details.

Our fiscal year ends March 31, and we refer to fiscal years based on the end of such period. Therefore, the fiscal year ended March 31, 2015 is referred to as fiscal year 2015.

Certain reclassifications of prior period information have been made to conform to the presentation of the current period information. These reclassifications had no effect on net income as previously reported.

***Summary of Significant Accounting Policies***

*Use of Estimates* — The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expense during the reporting period. Actual results could differ from those estimates. Areas where accounting estimates are made by management include:

- Allowances for doubtful accounts;
- Inventory allowances;
- Property and equipment;
- Goodwill, intangible and other long-lived assets;
- Pension benefits;
- Contingent liabilities; and
- Taxes.

*Cash and Cash Equivalents* — Our cash equivalents include funds invested in highly-liquid debt instruments with original maturities of 90 days or less.

**BRISTOW GROUP INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

*Accounts Receivable* — Trade and other receivables are stated at net realizable value. We grant short-term credit to our clients, primarily major integrated, national and independent oil and gas companies. We establish allowances for doubtful accounts on a case-by-case basis when a determination is made that the required payment is unlikely to occur. In establishing these allowances, we consider a number of factors, including our historical experience, change in our clients' financial position and restrictions placed on the conversion of local currency into U.S. dollars, as well as disputes with clients regarding the application of contract provisions to our services.

The following table is a rollforward of the allowance for doubtful accounts, including affiliates and non-affiliates (in thousands):

	Fiscal Year Ended March 31,		
	2015	2014	2013
Balance – beginning of fiscal year.....	\$ 5,074	\$ 5,079	\$ 243
Additional allowances.....	1,050	87	4,887
Write-offs and collections.....	(5,265)	(92)	(51)
Balance – end of fiscal year.....	<u>\$ 859</u>	<u>\$ 5,074</u>	<u>\$ 5,079</u>

During fiscal year 2013, the allowance for doubtful accounts for non-affiliates was increased by \$4.9 million related to amounts due from ATP Oil and Gas Corporation, a client in the U.S. Gulf of Mexico, due to its filing for bankruptcy. During fiscal year 2015, the allowance recorded for ATP was reversed as we settled outstanding matters related to ongoing bankruptcy proceedings, which resulted in a \$4.4 million reduction in bad debt expense, included within direct cost on our consolidated statements of income. The remaining amount of \$0.5 million related to ATP was written off as no further settlement is expected. As of March 31, 2015 and 2014, there were no allowances for doubtful accounts related to accounts receivable due from affiliates.

*Inventories* — Inventories are stated at the lower of average cost or market value and consist primarily of spare parts. The following table is a rollforward of the allowance related to dormant, obsolete and excess inventory (in thousands):

	Fiscal Year Ended March 31,		
	2015	2014	2013
Balance – beginning of fiscal year.....	\$ 47,298	\$ 31,504	\$ 34,364
Impairment of inventories.....	7,167	12,669	—
Additional allowances.....	4,867	6,807	8,479
Inventory disposed and scrapped.....	(10,125)	(6,096)	(10,053)
Foreign currency effects.....	(3,793)	2,414	(1,286)
Balance – end of fiscal year.....	<u>\$ 45,414</u>	<u>\$ 47,298</u>	<u>\$ 31,504</u>

During fiscal years 2015 and 2014, we increased our inventory allowance by \$4.9 million and \$6.8 million, respectively, as a result of our periodic assessment of inventory that was dormant, obsolete or excess within our operational fleet of aircraft.

During fiscal years 2015 and 2014, we recorded impairment charges of \$7.2 million and \$12.7 million, respectively, to write-down certain spare parts within inventories to market value. These impairment charges resulted from the identification of \$19.1 million and \$50.5 million, respectively, of inventory that was dormant, obsolete or excess based on a review of our future inventory needs related to changes to our fleet strategy and plans. The fiscal year 2015 impairment charge related primarily to spare parts held for a large aircraft model where we decided to accelerate removal from our fleet into fiscal year 2016. The fiscal year 2014 impairment charge related primarily to spare parts held for a medium aircraft model where we have decided to remove this model from our fleet over the next two fiscal years. As we had intended to operate these model types longer in certain markets, we identified excess inventory that would not be used on our aircraft and therefore needed to be sold or otherwise disposed of. These impairment charges are included on a separate line within operating expense on the consolidated statements of income.

Also during fiscal year 2014, we wrote off \$11.1 million of inventory destroyed in a fire at our Port Harcourt facility in Nigeria, which was insured and therefore fully offset by a receivable recorded of \$11.1 million for insurance proceeds. See Note 4 for further details on the fire in Port Harcourt.

**BRISTOW GROUP INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

*Prepaid Expenses and Other Current Assets* — As of March 31, 2015 and 2014, prepaid expenses and other current assets included the short-term portion of contract acquisition and pre-operating costs totaling \$8.9 million and \$5.5 million, respectively, related to the SAR contracts in the U.K. and a client contract in Norway which are recoverable under the contracts and will be expensed over the terms of the contracts. During fiscal year 2015, we have expensed \$2.6 million due to the start-up of some of these contracts.

*Property and Equipment* — Property and equipment are stated at cost. Property and equipment includes construction in progress, primarily consisting of progress payments on aircraft purchases and facility construction, of \$306.0 million and \$477.9 million as of March 31, 2015 and 2014, respectively. Interest costs applicable to the construction of qualifying assets are capitalized as a component of the cost of such assets.

Depreciation and amortization are provided on the straight-line method over the estimated useful lives of the assets. The estimated useful lives of aircraft generally range from 5 to 15 years, and the residual value used in calculating depreciation of aircraft generally ranges from 30% to 50% of cost. The estimated useful lives for buildings on owned properties range from 15 to 40 years. Other depreciable assets are depreciated over estimated useful lives ranging from 3 to 15 years, except for leasehold improvements which are depreciated over the lesser of the useful life of the improvement or the lease term (including any period where we have options to renew if it is probable that we will renew the lease). The cost and related accumulated depreciation of assets sold or otherwise disposed of are removed from the accounts and the resulting gains or losses are included in gain (loss) on disposal of assets.

We capitalize betterments and improvements to our aircraft and amortize such costs over the remaining useful lives of the aircraft. Betterments and improvements increase the life or utility of an aircraft.

Effective April 1, 2014, we changed the useful lives of certain non-aircraft assets. These changes were driven by our annual review of useful lives and impacted our depreciation on the assets. During fiscal year 2015, we recorded a reduction of approximately \$3.5 million (or approximately \$0.08 of diluted earnings per share) in depreciation expense as a result of this change in useful lives.

For further details on property and equipment, see Note 4.

*Goodwill* — Goodwill is recorded when the cost of acquired businesses exceeds the fair value of the identifiable net assets acquired. Goodwill has an indefinite useful life and is not amortized, but is assessed for impairment annually as of March 31.

Goodwill totaling \$75.6 million and \$56.7 million as of March 31, 2015 and 2014, respectively, relates to our business units as follows (in thousands):

	<b>Europe</b>	<b>Bristow Academy</b>	<b>Australia</b>	<b>West Africa</b>	<b>Other International</b>	<b>Total</b>
March 31, 2013 .....	\$ 11,883	\$ 10,212	\$ —	\$ 6,226	\$ 576	\$ 28,897
Foreign currency translation .....	1,839	90	—	(49)	—	1,880
Eastern Airways acquisition.....	26,479	—	—	—	—	26,479
Impairments .....	—	—	—	—	(576)	(576)
March 31, 2014 .....	40,201	10,302	—	6,177	—	56,680
Foreign currency translation .....	(4,500)	(112)	(461)	(231)	—	(5,304)
Airnorth acquisition .....	—	—	24,252	—	—	24,252
March 31, 2015 .....	<u>\$ 35,701</u>	<u>\$ 10,190</u>	<u>\$ 23,791</u>	<u>\$ 5,946</u>	<u>\$ —</u>	<u>\$ 75,628</u>

To complete our annual assessment of goodwill impairment, we first assess qualitative factors to determine if it is more likely than not that the fair value of a reporting unit is less than its carrying amount and if a quantitative assessment should be performed. As of March 31, 2015, we performed a qualitative analysis and concluded it is more likely than not that the fair value of each reporting unit is not less than the carrying value and, therefore, did not perform a quantitative analysis for the reporting units with goodwill except for Bristow Academy, which is included within Corporate and other for segment reporting purposes in Note 11. Bristow Academy's fiscal year 2015 results were lower than internal expectations; therefore, we performed a quantitative analysis as of March 31, 2015 and concluded that the fair value of the reporting unit was 18.3% more than the carrying value for Bristow Academy. Accordingly, the annual impairment assessment as of March 31, 2015 indicated that there is no impairment of goodwill. Qualitative factors considered during our assessments included the capital markets environment, global economic conditions, the demand for helicopter services, the necessity for training of new pilots (Bristow Academy only), changes in our results of operations, the magnitude of the excess of fair value over the carrying amount of each reporting unit as determined in prior years' quantitative testing and other factors. In addition to the annual assessment, an impairment assessment of goodwill is



**BRISTOW GROUP INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

conducted when events occur or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount. During fiscal year 2014, we impaired our goodwill in our Other International business unit related to Mexico as all of the contracts in Mexico had expired. As of March 31, 2015, goodwill totaling approximately \$4.8 million is expected to be deductible for tax purposes. For further details on the Eastern Airways and the Airnorth acquisitions, see Note 2.

*Other Intangible Assets* — Intangible assets with finite useful lives are amortized over their respective estimated useful lives to their estimated residual values. Intangible assets by type were as follows (in thousands):

	<u>Client contracts</u>	<u>Client relationships</u>	<u>Trade name and trademarks</u>	<u>Internally developed software</u>	<u>Licenses</u>	<u>Total</u>
<b>Gross Carrying Amount</b>						
March 31, 2013 .....	\$ 7,187	\$ 1,730	\$ —	\$ —	\$ 833	\$ 9,750
Foreign currency translation.....	(58)	(14)	—	—	(6)	(78)
Eastern Airways acquisition.....	—	10,291	5,326	1,339	—	16,956
March 31, 2014 .....	7,129	12,007	5,326	1,339	827	26,628
Foreign currency translation.....	(76)	(1,238)	(542)	(160)	(69)	(2,085)
Airnorth acquisition.....	1,112	2,287	364	—	—	3,763
March 31, 2015 .....	<u>\$ 8,165</u>	<u>\$ 13,056</u>	<u>\$ 5,148</u>	<u>\$ 1,179</u>	<u>\$ 758</u>	<u>\$ 28,306</u>
<b>Accumulated Amortization</b>						
March 31, 2013 .....	\$ (5,662)	\$ (758)	\$ —	\$ —	\$ (388)	\$ (6,808)
Amortization expense.....	(1,270)	(170)	—	—	(81)	(1,521)
March 31, 2014 .....	(6,932)	(928)	—	—	(469)	(8,329)
Amortization expense.....	(467)	(655)	(323)	(244)	(73)	(1,762)
March 31, 2015 .....	<u>\$ (7,399)</u>	<u>\$ (1,583)</u>	<u>\$ (323)</u>	<u>\$ (244)</u>	<u>\$ (542)</u>	<u>\$ (10,091)</u>
Weighted average remaining contractual life, in years .....	1.6	17.5	14.9	3.8	3.0	10.3

Future amortization expense of intangible assets for each of the years ending March 31 are as follows (in thousands):

2016.....	\$ 2,114
2017.....	1,553
2018.....	1,472
2019.....	1,200
2020.....	996
Thereafter.....	10,880
	<u>\$ 18,215</u>

The Bristow Norway and Eastern Airways acquisitions, included in our Europe business unit, resulted in intangible assets for client contracts, client relationships, trade name and trademarks, internally developed software and licenses. The Airnorth acquisition, included in our Australia business unit, resulted in intangible assets for client contracts, client relationships and trade name and trademarks. For further details on the Eastern Airways and Airnorth acquisitions, see Note 2.

*Impairment of Long-Lived Assets* — Long-lived assets, such as property and equipment, and purchased intangibles subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If the carrying amount of an asset or asset group to be held and used exceeds its estimated future cash flows, an impairment charge is recognized in the amount by which the carrying amount of the asset or asset group exceeds the fair value of the asset or asset group. Assets held for sale are classified as current assets on our consolidated balance sheets and recorded at the lower of the carrying amount or fair value less costs to sell, and are no longer depreciated. The assets and liabilities of a disposed group classified as held for sale (if any) are presented separately in the appropriate asset and liability sections of the consolidated balance sheets. We recorded impairment charges of \$36.1 million, \$6.8 million and \$4.4 million included in gain (loss) on disposal of assets to reduce the carrying value of aircraft held for sale in fiscal years 2015, 2014 and 2013, respectively.

**BRISTOW GROUP INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

During fiscal year 2013, we reclassified four large aircraft previously classified as held for sale to aircraft and equipment as they were returned to operational status as a result of the issues associated with H225 Super Puma helicopter and we reversed previously recorded impairment charges of \$8.7 million. This reversal of charges is included in gain (loss) on disposal of assets on the consolidated statements of income for fiscal year 2013. See further discussion in Note 4.

*Impairment of Investments in Unconsolidated Affiliates* — We perform regular reviews of each investee's financial condition, the business outlook for its products and services, and its present and projected results and cash flows. When an investee has experienced consistent declines in financial performance or difficulties raising capital to continue operations, and when we expect the decline to be other-than-temporary, the investment is written down to fair value. Actual results may vary from estimates due to the uncertainty regarding the projected financial performance of investees, the severity and expected duration of declines in value, and the available liquidity in the capital markets to support the continuing operations of the investees in which we have investments. We did not recognize any impairment charges related to our investments in unconsolidated affiliates in fiscal years 2015, 2014 and 2013.

*Other Assets* — In addition to the intangible assets discussed above, other assets primarily include debt issuance costs of \$10.0 million and \$12.3 million as of March 31, 2015 and 2014, respectively, which are being amortized over the life of the related debt, deferred tax assets of \$50.7 million and \$17.6 million as of March 31, 2015 and 2014, respectively, and the long-term portion of contract acquisition and pre-operating costs totaling \$42.4 million and \$15.2 million as of March 31, 2015 and 2014, respectively, related to the SAR contracts in the U.K. and a client contract in Norway which are recoverable under the contracts and will be expensed over the terms of the contracts.

*Contingent Liabilities* — We establish reserves for estimated loss contingencies when we believe a loss is probable and the amount of the loss can be reasonably estimated. Our contingent liability reserves relate primarily to potential tax assessments, litigation, personal injury claims and environmental liabilities. Income for each reporting period includes revisions to contingent liability reserves resulting from different facts or information which become known or circumstances which change and affect our previous assumptions with respect to the likelihood or amount of loss. Such revisions are based on information which becomes known or circumstances that change after the reporting date for the previous period through the reporting date of the current period. Reserves for contingent liabilities are based upon our assumptions and estimates regarding the probable outcome of the matter. Should the outcome differ from our assumptions and estimates or other events result in a material adjustment to the accrued estimated reserves, revisions to the estimated reserves for contingent liabilities would be required to be recognized. Legal costs are expensed as incurred.

Proceeds from casualty insurance settlements in excess of the carrying value of damaged assets are recognized in gain (loss) on disposal of assets when we have received proof of loss documentation or are otherwise assured of collection of these amounts.

Some of our acquisitions include a provision that provides for additional consideration to be paid to the sellers of the acquired company based on the achievement of specified performance thresholds. In such cases, we record the obligations to pay those amounts at fair value at the acquisition date and include such obligations in the consideration transferred. This contingent consideration obligation is included in other accrued liabilities for the current portion and other liabilities and deferred credits for the long-term portion on our consolidated balance sheet. We assess the estimated fair value of the contractual obligation to pay the contingent consideration on a quarterly basis and any changes in estimated fair value are recorded as accretion expense included in depreciation and amortization on our consolidated statements of income. In other cases, additional consideration is based on the achievement of performance thresholds and continued employment with the Company. In these cases, we record such amounts in general and administrative expense when such additional consideration is earned. See Note 2 for a discussion on our acquisitions, Note 3 for a discussion on contingent consideration obligations related to our investments in unconsolidated affiliates and Note 6 for details on the fair value of the contingent consideration obligation.

*Deferred Sale Leaseback Advance* — As of March 31, 2015 and 2014, respectively, we had a total deferred sale leaseback advance of \$55.9 million and \$166.3 million, of which the current portion is included in deferred sale leaseback advance (\$55.9 million and \$136.9 million) and the long-term portion is included in other liabilities and deferred credits (zero and \$29.4 million) on our consolidated balance sheets. During fiscal year 2014, we received payment of approximately \$106.1 million for progress payments we had previously made on seven aircraft under construction, and we assigned any future payments due on these construction agreements to the purchaser. As we had the obligation and intent to lease the aircraft back from the purchaser upon completion, we recorded a liability equal to the cash received and payments made by the purchaser totaling \$129.9 million, with a corresponding increase to construction in progress. During fiscal year 2015, we took delivery and entered into leases for five of these aircraft and removed a total of \$183.7 million and \$182.6 million, respectively, from construction in progress and deferred sale leaseback advance, current on our consolidated balance sheet. We will continue to increase both construction in progress and

## BRISTOW GROUP INC. AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

deferred sale leaseback advance, current or long-term, until we lease the remaining two aircraft, at which time the construction in progress and the liabilities will be removed from our consolidated balance sheet.

*Revenue Recognition* — In general, we recognize revenue when it is both realized or realizable and earned. We consider revenue to be realized or realizable and earned when the following conditions exist: there is persuasive evidence of an arrangement, generally a client contract exists; the services or products have been performed or delivered to the client; the sales price is fixed or determinable; and collection has occurred or is probable. More specifically, revenue from helicopter services is recognized based on contractual rates as the related services are performed. The charges under these contracts are generally based on a two-tier rate structure consisting of a daily or monthly fixed fee plus additional fees for each hour flown. These contracts are for varying periods and generally permit the client to cancel the contract before the end of the term. We also provide services to clients on an “ad hoc” basis, which usually entails a shorter contract notice period and duration. The charges for ad hoc services are based on an hourly rate or a daily or monthly fixed fee plus additional fees for each hour flown. In order to offset potential increases in operating costs, our long-term contracts may provide for periodic increases in the contractual rates charged for our services. We recognize the impact of these rate increases when the criteria outlined above have been met. This generally includes written recognition from the clients that they are in agreement with the amount of the rate escalation. Cost reimbursements from clients are recorded as reimbursable revenue with the related reimbursed costs recorded as reimbursable expense on our consolidated statements of income.

Bristow Academy, our helicopter training business unit, primarily earns revenue from military training, flight training provided to individual students and ground school courses. We recognize revenue from these sources using the same revenue recognition principles described above as services are provided. We consider revenue to be realized or realizable and earned when the following conditions exist: there is persuasive evidence of an arrangement (generally a contract exists); the services have been performed or delivered to the client or student; the sales price is fixed and determinable; and collection has occurred or is probable.

Eastern Airways and Airnorth primarily earn revenue through charter and scheduled airline services and provision of airport services (Eastern Airways only). Both chartered and scheduled revenue is recognized net of passenger taxes and discounts. Revenue is recognized at the earlier of the period in which the service is provided or the period in which the right to travel expires which is determined by the terms and conditions of the ticket. Ticket sales are recorded within deferred revenue until recognized as revenue in accordance with the above policy. Airport services revenue is recognized when earned.

*Pension Benefits* — See Note 9 for a discussion of our accounting for pension benefits.

*Maintenance and Repairs* — We generally charge maintenance and repair costs, including major aircraft component overhaul costs, to earnings as the costs are incurred. However, certain major aircraft components, such as engines and transmissions, are maintained by third-party vendors under contractual agreements. Under these agreements, we are charged an agreed amount per hour of flying time related to maintenance, repair and overhaul of the parts and components covered. The costs charged under these contractual agreements are recognized in the period in which the flight hours occur. To the extent that we have not yet been billed for costs incurred under these arrangements, these costs are included in accrued maintenance and repairs on our consolidated balance sheets. From time to time, we receive credits from our original equipment manufacturers as settlement for additional labor and maintenance expense costs incurred for aircraft performance issues. We record these credits as a reduction in maintenance expense when the credits are utilized in lieu of cash payments for purchases or services. The cost of certain major overhauls on fixed-wing aircraft operated by Eastern Airways and Airnorth are capitalized when incurred and depreciated over the period until the next expected major overhaul.

*Taxes* — We follow the liability method of accounting for income taxes. Under this method, deferred income tax assets and liabilities are determined based upon temporary differences between the carrying amount and tax basis of our assets and liabilities and measured using enacted tax rates and laws that will be in effect when the differences are expected to reverse. The effect on deferred income tax assets and liabilities of a change in the tax rates is recognized in income in the period in which the change occurs. We record a valuation reserve when we believe that it is more likely than not that any deferred income tax asset created will not be realized.

In assessing the realizability of deferred income tax assets, management considers whether it is more-likely-than-not that some portion or all of the deferred income tax assets will not be realized. The ultimate realization of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which such temporary differences become deductible.

We recognize tax benefits attributable to uncertain tax positions when it is more-likely-than-not that a tax position will be sustained upon examination by the authorities. The benefit from a position that has surpassed the more-likely-than-not threshold is the largest amount of benefit that is more than 50% likely to be realized upon settlement. We recognize interest and penalties accrued related to unrecognized tax benefits as a component of provision for income taxes.

**BRISTOW GROUP INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

*Foreign Currency* — In preparing our financial statements, we must convert all non-U.S. dollar currencies to U.S. dollars. Balance sheet information is presented based on the exchange rate as of the balance sheet date, and statement of income information is presented based on the average exchange rate for the period. The various components of stockholders' investment are presented at their historical average exchange rates. The resulting difference after applying the different exchange rates is the currency translation adjustment. Foreign currency transaction gains and losses are recorded in other income (expense), net and result from the effect of changes in exchange rates on transactions denominated in currencies other than a company's functional currency, including transactions between consolidated companies. An exception is made where an intercompany loan or advance is deemed to be of a long-term investment nature, in which instance foreign currency transaction gains or losses are included as currency translation adjustments and are reported in stockholders' investment as accumulated other comprehensive gains or losses. Changes in exchange rates could cause significant changes in our financial position and results of operations in the future.

As a result of changes in exchange rates, we recorded foreign currency transaction losses of approximately \$6.5 million, \$3.7 million and \$1.1 million during fiscal years 2015, 2014 and 2013, respectively. Our earnings from unconsolidated affiliates, net of losses, are also affected by the impact of changes in foreign currency exchange rates on the reported results of our unconsolidated affiliates. During fiscal years 2015, 2014 and 2013, earnings from unconsolidated affiliates, net of losses, were decreased by \$25.7 million, \$3.9 million and \$3.9 million, respectively, as a result of the impact of changes in foreign currency exchange rates on the results of our unconsolidated affiliates, primarily the impact of changes in the Brazilian real and U.S. dollar exchange rate on results for our affiliate in Brazil.

*Incentive Compensation* — See Note 9 for a discussion of our accounting for incentive compensation arrangements.

*Extinguishment of Debt* — Extinguishment of debt includes \$2.6 million related to premiums paid for the repurchase of a portion of our 6¼% Senior Notes due 2022 (the "6¼% Senior Notes") during fiscal year 2015 and \$14.9 million in redemption premium and fees paid for the early redemption of our 7½% Senior Notes due 2017 (the "7½% Senior Notes") during fiscal year 2013. See further discussion in Note 5. We did not have any extinguishment of debt during fiscal year 2014.

*Other Income (Expense), Net* — The amounts for fiscal years 2015, 2014 and 2013 include the foreign currency transaction gains and losses described under "Foreign Currency" above. Other income (expense), net also includes a gain of \$1.1 million for the sale of intellectual property during fiscal year 2014. Other income (expense), net in fiscal years 2015 and 2013 did not include any other significant items.

***Recent Accounting Pronouncement***

We consider the applicability and impact of all accounting standard updates (ASUs). ASUs not listed below were assessed and determined to be either not applicable or are expected to have minimal impact on our consolidated financial position or results of operations.

In May 2014, the Financial Accounting Standards Board (the "FASB") issued accounting guidance on revenue recognition for revenue from contracts with customers. This guidance requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers and will replace most existing revenue recognition guidance when it becomes effective. This new standard is effective for annual reporting periods beginning after December 15, 2016. Early application is not permitted and the standard permits the use of either the retrospective or cumulative effect transition method. We are evaluating the effect this standard will have on our financial statements and related disclosures. We have not yet selected a transition method nor have we determined the effect of the standard on our ongoing financial reporting.

In April 2015, the FASB issued accounting guidance relating to the presentation of debt issuance costs. The intent is to simplify the presentation of debt issuance costs by requiring entities to record debt issuance costs on the balance sheet as a direct deduction from the carrying amount of the related debt liability, similar to debt discounts or premiums. This pronouncement is effective for fiscal years, and interim periods within those years, beginning after December 15, 2015. We do not believe adoption of this new guidance will have a significant impact on our consolidated financial statements.

**BRISTOW GROUP INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

**Note 2 — ACQUISITIONS**

We apply the provisions of Accounting Standards Codification 805, Business Combinations (“ASC 805”), in the accounting for our business acquisitions. ASC 805 requires companies to separately recognize goodwill from the assets acquired and liabilities assumed, which are at their acquisition date fair values. Goodwill as of the acquisition date represents the excess of the purchase price over the fair values of the assets acquired and the liabilities assumed. We recognized \$24.3 million and \$26.5 million of goodwill as a result of the Airnorth acquisition and Eastern Airways acquisition, respectively. The goodwill recorded as part of these acquisitions primarily reflects the value of offering a complete suite of point to point transportation services for our clients, synergies expected to arise from the combined entities, as well as any intangible assets that do not qualify for separate recognition.

We use significant estimates and assumptions, including fair value estimates, to determine fair value of assets acquired and liabilities assumed and, when applicable, the related useful lives of the acquired assets as of the business combination date. The fair value measurements were primarily based on significant inputs that are not observable in the market, other than certain financial assets and liabilities that were acquired or assumed in the acquisitions. The market approach, which indicates value for a subject asset based on available market pricing for comparable assets, was utilized to estimate the fair value for land and buildings, aircraft and spare parts inventory. The market approach used includes prices and other relevant information generated by market transactions involving comparable assets, as well as pricing guides and other sources. We considered the current market for the assets, the maintenance condition of the assets and the expected proceeds from the sale of the assets, among other factors. As a result we have classified these assets in Level 3 in the fair value hierarchy. For those financial assets and liabilities which utilized observable inputs we have classified these amounts in Level 2.

The income approach was primarily used to value intangible assets, including client relationships, certain internally used software, and trade names, as well as noncontrolling interest. The income approach indicates value for a subject asset based on the present value of cash flows projected to be generated by the asset. Projected cash flows are discounted at a required market rate of return that reflects the relative risk of achieving the cash flows and the time value of money. The fair values associated with these assets and liabilities have been classified in Level 3 in the fair value hierarchy.

The cost approach, which estimates value by determining the current cost of replacing an asset with another of equivalent economic utility, was used, as appropriate, for certain assets for which the market and income approaches could not be applied due to the nature of the asset. The cost to replace a given asset reflects the estimated reproduction or replacement cost for the asset, less an allowance for loss in value due to depreciation. Assets valued using the cost approach have been classified in Level 3 in the fair value hierarchy.

See Note 6 for additional description of the fair value measurement.

***Airnorth Acquisition***

On January 29, 2015, Bristow Helicopters Australia Pty Ltd. (“Bristow Helicopters Australia”) acquired an 85% interest in Capiteq Limited, operating under the name Airnorth, for cash of A\$30.3 million (\$24.0 million) with possible earn out consideration of up to A\$17.0 million (\$13.0 million) to be paid over four years based on the achievement in part on the achievement of specified financial performance thresholds and continued employment by the selling shareholders. We entered into an agreement with the other stockholder of Capiteq Limited that grants us the right after six months to buy all of their shares (and grants them the right after three years to require us to buy all of their shares) and includes transfer restrictions and other customary provisions. Airnorth is Northern Australia’s largest regional fixed wing operator based in Darwin, Northern Territory, Australia with both scheduled and charter services which focus primarily on the energy and mining industries in northern and western Australia as well as international service to Dili, Timor-Leste. Airnorth’s fleet consists of thirteen aircraft (nine turboprop and four new technology regional jets) and its customer base includes many energy companies to which Bristow Group already provides helicopter service. We believe this investment will strengthen our ability to provide point to point transportation services for existing Australian based passengers, expand helicopter services in certain areas in Southeast Asian markets and create a more integrated logistics solution for global clients.

**BRISTOW GROUP INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

The following table summarizes the consolidated assets and liabilities of Airnorth as of January 29, 2015 (in thousands):

Current assets .....	\$	15,188
Property and equipment .....		39,822
Goodwill.....		24,252
Prepaid expenses and other assets.....		4,403
Total assets .....		<u>83,665</u>
Current liabilities, including debt.....		(20,104)
Long-term debt, less current maturities		(20,606)
Other long-term liabilities .....		(9,441)
Total liabilities.....		<u>(50,151)</u>
Temporary equity .....		(3,427)
Net assets.....	\$	<u><u>30,087</u></u>

Airnorth contributed \$11.4 million of operating revenue during fiscal year 2015 and is included in our Australia business unit.

Temporary equity includes the third-party noncontrolling interests in Airnorth. The third-party noncontrolling interest holders hold a written put option, which will allow them to sell their noncontrolling interest to Bristow Helicopters Australia at any time after the end of the third year after acquisition. In addition to the written put option, Bristow Helicopters Australia holds a perpetual call option to acquire the noncontrolling interest after six months. Under each of these alternatives, the exercise price will be based on a contractually defined multiple of cash flows formula (the “Redemption Value”), which is not a fair value measurement, and is payable in cash. As the written put option is redeemable at the option of the noncontrolling interest holders, and not solely within Bristow Helicopters Australia’s control, the noncontrolling interest in Airnorth is classified as temporary equity between the stockholders’ investment and liabilities sections of the consolidated balance sheets. The initial carrying amount of the noncontrolling interest is the fair value of the noncontrolling interest as of the acquisition date.

The noncontrolling interest is adjusted each period for comprehensive income and dividends attributable to the noncontrolling interest and changes in Bristow Helicopters Australia’s ownership interest in Airnorth, if any. An additional adjustment to the carrying value of the noncontrolling interest may be required if the Redemption Value exceeds the current carrying value. Changes in the carrying value of the noncontrolling interest related to a change in the Redemption Value will be recorded against permanent equity and will not affect net income. While there is no impact on net income, the redeemable noncontrolling interest will impact our calculation of earnings per share. Utilizing the two-class method, we will adjust the numerator of the earnings per share calculation to reflect the changes in the excess, if any, of the noncontrolling interest’s Redemption Value over the greater of (1) the noncontrolling interest carrying amount or (2) the fair value of the noncontrolling interest on a quarterly basis.

The following is a rollforward of the temporary equity related to Airnorth for the fiscal year ended March 31, 2015 (in thousands):

Acquisition of Airnorth on January 29, 2015.....	\$	3,427
Noncontrolling interest expense .....		(39)
Currency translation .....		(49)
Balance – end of fiscal year .....	\$	<u><u>3,339</u></u>

**BRISTOW GROUP INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

The summary pro forma condensed consolidated financial information presented below for the fiscal years ended March 31, 2015 and 2014 give effect to the acquisition of Airnorth as if it had occurred at the beginning of the periods presented. The pro forma adjustments are based upon available information and certain assumptions that we believe are reasonable. The pro forma net income has been adjusted to reflect depreciation and amortization expense as if those adjustments had been applied on April 1, 2013. The summary pro forma condensed consolidated financial information is for informational purposes only and does not purport to represent what our consolidated results of operations actually would have been if the acquisition of Airnorth had occurred at any date, and such data does not purport to project our results of operations for any future period.

	<u>Fiscal Year Ended March 31,</u>	
	<u>2015</u>	<u>2014</u>
	(In thousands) (Unaudited)	
Gross revenue.....	\$1,927,680	\$1,734,911
Net income.....	87,902	187,785

***Eastern Airways Acquisition***

On February 6, 2014, Bristow Helicopters Limited (“Bristow Helicopters”) acquired a 60% interest in the privately owned Eastern Airways for cash of £27 million (\$44 million) with possible earn out consideration of up to £6 million (\$10 million) to be paid over a three year period based on the achievement of specified financial performance thresholds. The first year earn-out payment was not achieved. In addition, Bristow Helicopters entered into agreements with the other stockholders of Eastern Airways that grant Bristow Helicopters the right to buy all of their Eastern Airways shares (and grant them the right after seven years to require Bristow Helicopters to buy all of their shares) and include transfer restrictions and other customary provisions. Eastern Airways is a regional fixed wing operator based at Humberside Airport located in North Lincolnshire, England with both charter and scheduled services targeting U.K. oil and gas industry transportation. We believe this investment strengthens Bristow Helicopters’ ability to provide a complete suite of point to point transportation services for existing European based passengers, expands helicopter services in certain areas like the Shetland Islands and creates a more integrated logistics solution for global clients.

The following table summarizes the consolidated assets and liabilities of Eastern Airways as of February 6, 2014 (in thousands):

Current assets.....	\$ 21,117
Property and equipment.....	63,391
Goodwill.....	26,479
Prepaid expenses and other assets.....	<u>20,474</u>
Total assets.....	131,461
Current liabilities, including debt.....	(37,644)
Long-term debt, less current maturities.....	(20,400)
Other long-term liabilities.....	<u>(8,239)</u>
Total liabilities.....	(66,283)
Temporary equity.....	<u>(21,139)</u>
Net assets.....	<u>\$ 44,039</u>

Eastern Airways contributed \$144.8 million and \$21.2 million of operating revenue during fiscal years 2015 and 2014, respectively, and is included in our Europe business unit. The earn-out consideration will be included as general and administrative expense in our consolidated statements of income as earned.

**BRISTOW GROUP INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

Temporary equity represents the third-party noncontrolling interests in Eastern Airways. The third-party noncontrolling interest holders hold a written put option, which will allow them to sell their noncontrolling interest to Bristow Helicopters at any time after the end of the seventh year after acquisition. In addition to the written put option, Bristow Helicopters holds a perpetual call option to acquire the noncontrolling interest at any time. Under each of these alternatives, the exercise price will be based on a contractually defined multiple of cash flows formula (“Redemption Value”), which is not a fair value measurement, and is payable in cash. As the written put option is redeemable at the option of the noncontrolling interest holders, and not solely within Bristow Helicopters control, the noncontrolling interest in Eastern Airways is classified as temporary equity between the stockholders’ investment and liabilities sections of the consolidated balance sheets. The initial carrying amount of the noncontrolling interest is the fair value of the noncontrolling interest as of the acquisition date.

The noncontrolling interest is adjusted each period for comprehensive income and dividends attributable to the noncontrolling interest and changes in Bristow Helicopters’ ownership interest in Eastern Airways, if any. An additional adjustment to the carrying value of the noncontrolling interest may be required if the Redemption Value exceeds the current carrying value. Changes in the carrying value of the noncontrolling interest related to a change in the Redemption Value will be recorded against permanent equity and will not affect net income. While there is no impact on net income, the redeemable noncontrolling interest will impact our calculation of earnings per share. Utilizing the two-class method, we will adjust the numerator of the earnings per share calculation to reflect the changes in the excess, if any, of the noncontrolling interest’s Redemption Value over the greater of (1) the noncontrolling interest carrying amount or (2) the fair value of the noncontrolling interest on a quarterly basis.

Changes in the balance for the temporary equity related to Eastern Airways are as follows (in thousands):

Acquisition of Eastern Airways on February 6, 2014.....	\$ 21,139
Noncontrolling interest expense .....	671
Currency translation.....	473
Balance as of March 31, 2014.....	<u>\$ 22,283</u>
Noncontrolling interest expense .....	3,389
Currency translation.....	(2,787)
Balance as of March 31, 2015.....	<u><u>\$ 22,885</u></u>

The summary pro forma condensed consolidated financial information presented below for the fiscal years ended March 31, 2014 and 2013 give effect to the acquisition of Eastern Airways as if it had occurred at the beginning of the periods presented. The pro forma adjustments are based upon available information and certain assumptions that we believe are reasonable. The pro forma net income has been adjusted to reflect depreciation and amortization expense as if those adjustments had been applied on April 1, 2012. The summary pro forma condensed consolidated financial information is for informational purposes only and does not purport to represent what our consolidated results of operation actually would have been if the acquisition of Eastern Airways had occurred at any date, and such data does not purport to project our results of operations for any future period.

	<u>Fiscal Year Ended March 31,</u>	
	<u>2014</u>	<u>2013</u>
	<u>(In thousands)</u>	
	<u>(Unaudited)</u>	
Gross revenue.....	\$ 1,761,390	\$ 1,625,832
Net income .....	188,921	144,136



**BRISTOW GROUP INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

**Note 3 — VARIABLE INTEREST ENTITIES AND OTHER INVESTMENTS IN SIGNIFICANT AFFILIATES**

***VIEs***

A VIE is an entity that either (i) has insufficient equity to permit the entity to finance its activities without additional subordinated financial support or (ii) has equity investors who lack the characteristics of a controlling financial interest. A VIE is consolidated by its primary beneficiary. The primary beneficiary has both the power to direct the activities that most significantly impact the entity's economic performance and the obligation to absorb losses or the right to receive benefits from the entity that could potentially be significant to the VIE. If we determine that we have operating power and the obligation to absorb losses or receive benefits, we consolidate the VIE as the primary beneficiary, and if not, we do not consolidate.

As of March 31, 2015, we had interests in four VIEs of which we are the primary beneficiary, which are described below, and had no interests in VIEs of which we are not the primary beneficiary.

*Bristow Aviation Holdings Limited* — We own 49% of Bristow Aviation Holdings Limited's ("Bristow Aviation") common stock and a significant amount of its subordinated debt. Bristow Aviation is incorporated in England and holds all of the outstanding shares in Bristow Helicopters. Bristow Aviation's subsidiaries provide helicopter services to clients primarily in the U.K, Norway, Australia, Nigeria and Trinidad and fixed wing services primarily in the U.K and Australia. Bristow Aviation is organized with three different classes of ordinary shares having disproportionate voting rights. The Company, Caledonia Investments plc ("Caledonia") and a European Union investor (the "E.U. Investor") own 49%, 46% and 5%, respectively, of Bristow Aviation's total outstanding ordinary shares, although Caledonia has voting control over the E.U. Investor's shares.

In addition to our ownership of 49% of Bristow Aviation's outstanding ordinary shares, in May 2004, we acquired eight million shares of deferred stock, essentially a subordinated class of stock with no voting rights, from Bristow Aviation for £1 per share (\$14.4 million in total). We also have £91.0 million (\$135.1 million) principal amount of subordinated unsecured loan stock (debt) of Bristow Aviation bearing interest at an annual rate of 13.5% and payable semi-annually. Payment of interest on such debt has been deferred since its incurrence in 1996. Deferred interest accrues at an annual rate of 13.5% and aggregated \$1.5 billion as of March 31, 2015.

The Company, Caledonia, the E.U. Investor and Bristow Aviation have entered into a shareholder agreement respecting, among other things, the composition of the board of directors of Bristow Aviation. On matters coming before Bristow Aviation's board, Caledonia's representatives have a total of three votes and the two other directors have one vote each. In addition, Caledonia has the right to nominate two persons to our board of directors and to replace any such directors so nominated.

Caledonia, the Company and the E.U. Investor also have entered into a put/call agreement under which, upon giving specified prior notice, we have the right to buy all the Bristow Aviation shares held by Caledonia and the E.U. Investor, who, in turn, each have the right to require us to purchase such shares. Under current English law, we would be required, in order for Bristow Aviation to retain its operating license, to find a qualified E.U. investor to own any Bristow Aviation shares we have the right to acquire under the put/call agreement. The only restriction under the put/call agreement limiting our ability to exercise the put/call option is a requirement to consult with the Civil Aviation Authority (the "CAA") in the U.K. regarding the suitability of the new holder of the Bristow Aviation shares. The put/call agreement does not contain any provisions should the CAA not approve the new E.U. investor. However, we would work diligently to find an E.U. investor suitable to the CAA. The amount by which we could purchase the shares of the other investors holding 51% of the equity of Bristow Aviation is fixed under the terms of the call option, and we have reflected this amount on our consolidated balance sheets as noncontrolling interest.

Furthermore, the call option provides a mechanism whereby the economic risk for the other investors is limited should the financial condition of Bristow Aviation deteriorate. The call option price is the nominal value of the ordinary shares held by the noncontrolling shareholders (£1.0 million as of March 31, 2015) plus an annual guaranteed rate of return less any prepayments of such call option price and any dividends paid on the shares concerned. We can elect to pre-pay the guaranteed return element of the call option price wholly or in part without exercising the call option. No dividends have been paid by Bristow Aviation. We have accrued the annual return due to the other shareholders at a rate of sterling LIBOR plus 3% (prior to May 2004, the rate was fixed at 12%) by recognizing noncontrolling interest expense on our consolidated statements of income, with a corresponding increase in noncontrolling interest on our consolidated balance sheets. Prepayments of the guaranteed return element of the call option are reflected as a reduction in noncontrolling interest on our consolidated balance sheets. The other investors have an option to put their shares in Bristow Aviation to us. The put option price is calculated in the same way as the call option price except that the guaranteed rate for the period to April 2004 was 10% per annum. If the put option is exercised, any pre-payments of the call option price are set off against the put option price.

**BRISTOW GROUP INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

Changes in the balance for the noncontrolling interest associated with Bristow Aviation are as follows (in thousands):

	<b>Fiscal Year Ended March 31,</b>		
	<b>2015</b>	<b>2014</b>	<b>2013</b>
Balance – beginning of fiscal year .....	\$ 1,645	\$ 1,492	\$ 1,577
Payments to noncontrolling interest shareholders .....	(59)	(57)	(63)
Noncontrolling interest expense .....	58	57	60
Currency translation .....	(187)	153	(82)
Balance – end of fiscal year .....	<u>\$ 1,457</u>	<u>\$ 1,645</u>	<u>\$ 1,492</u>

Bristow Aviation and its subsidiaries are exposed to similar operational risks and are therefore monitored and evaluated on a similar basis by management. Accordingly, the financial information reflected on our consolidated balance sheets and statements of income for Bristow Aviation and subsidiaries is presented in the aggregate, including intercompany amounts with other consolidated entities, as follows (in thousands):

	<b>March 31,</b>	
	<b>2015</b>	<b>2014</b>
<b>Assets</b>		
Cash and cash equivalents .....	\$ 91,190	\$ 173,490
Accounts receivable .....	521,989	311,641
Inventories .....	100,065	94,288
Prepaid expenses and other current assets .....	42,659	45,791
Total current assets .....	<u>755,903</u>	<u>625,210</u>
Investment in unconsolidated affiliates .....	64	1,414
Property and equipment, net .....	243,357	217,969
Goodwill .....	61,242	41,218
Other assets .....	78,637	45,477
Total assets .....	<u>\$ 1,139,203</u>	<u>\$ 931,288</u>
<b>Liabilities</b>		
Accounts payable .....	\$ 379,357	\$ 182,892
Accrued liabilities .....	154,306	113,820
Accrued interest .....	1,489,369	1,291,581
Deferred taxes .....	1,128	3,588
Current maturities of long-term debt .....	9,643	9,664
Total current liabilities .....	<u>2,033,803</u>	<u>1,601,545</u>
Long-term debt, less current maturities .....	168,245	172,391
Accrued pension liabilities .....	99,576	86,824
Other liabilities and deferred credits .....	11,948	2,252
Deferred taxes .....	14,457	13,062
Temporary equity .....	26,223	22,283
Total liabilities .....	<u>\$ 2,354,252</u>	<u>\$ 1,898,357</u>

	<b>Fiscal Year Ended March 31,</b>		
	<b>2015</b>	<b>2014</b>	<b>2013</b>
Revenue .....	\$ 1,512,312	\$ 1,324,483	\$ 1,161,988
Operating income .....	40,524	49,061	58,587
Net loss <sup>(1)</sup> .....	(179,757)	(38,274)	(115,281)

<sup>(1)</sup> Fiscal year 2014 includes a gain of \$67.9 million, after tax, on the sale of the FB Entities as discussed under “Other Significant Affiliates — Unconsolidated — FB Entities” below.

**BRISTOW GROUP INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

*Bristow Helicopters Nigeria Ltd.* — Bristow Helicopters Nigeria Ltd. (“BHNL”) is a joint venture in Nigeria in which Bristow Helicopters owned a 40% interest, unrelated local Nigerian partners together owned a 10% interest, a Nigerian company owned 100% by Nigerian employees owned a 48% interest and an employee trust fund owned the remaining 2% interest as of March 31, 2015. BHNL provides helicopter services to clients in Nigeria.

In order to be able to bid competitively for our services in the Nigerian market, we were required to identify local citizens to participate in the ownership of entities domiciled in the region. However, these owners do not have extensive knowledge of the aviation industry and have historically deferred to our expertise in the overall management and day-to-day operation of BHNL (including the establishment of operating and capital budgets and strategic decisions regarding the potential expansion of BHNL’s operations). We have also historically provided subordinated financial support to BHNL and will need to continue to do so unless and until BHNL acquires sufficient equity to permit itself to finance its activities without that additional support from us. As we have the power to direct the most significant activities affecting the economic performance and ongoing success of BHNL and hold a variable interest in the entity in the form of our equity investment and working capital infusions, we consolidate BHNL as the primary beneficiary. The employee-owned Nigerian entity referenced above purchased its 19% interest in BHNL in December 2013 with proceeds from a loan received from BGI Aviation Technical Services Nigeria Limited (“BATS”). In July 2014, the employee-owned Nigerian entity purchased an additional 29% interest with proceeds from a loan received from Bristow Helicopters (International) Limited (“BHIL”). In April 2015, Bristow Helicopters purchased an additional 8% interest in BHNL and the employee-owned Nigerian entity purchased an additional 2% interest with proceeds from a loan received from BHIL. Both BATS and BHIL are wholly-owned subsidiaries of Bristow Aviation. The employee-owned Nigerian entity is also a VIE that we consolidate as the primary beneficiary and we eliminate the loans discussed above in consolidation.

BHNL is an indirect subsidiary of Bristow Aviation; therefore, financial information for this entity is included within the amounts for Bristow Aviation and its subsidiaries presented above.

*Pan African Airlines Nigeria Ltd.* — Pan African Airlines Nigeria Ltd. (“PAAN”) is a joint venture in Nigeria with local partners in which we own an interest of 50.17%. PAAN provides helicopter services to clients in Nigeria.

The activities that most significantly impact PAAN’s economic performance relate to the day-to-day operation of PAAN, setting of operating and capital budgets and strategic decisions regarding the potential expansion of PAAN’s operations. Throughout the history of PAAN, our representation on the board and our secondment to PAAN of its managing director has enabled us to direct the key operational decisions of PAAN (without objection from the other board members). We have also historically provided subordinated financial support to PAAN. As we have the power to direct the most significant activities affecting the economic performance and ongoing success of PAAN and hold a variable interest in the form of our equity investment and working capital infusions, we consolidate PAAN as the primary beneficiary. However, as long as we own a majority interest in PAAN, the separate presentation of financial information in a tabular format for PAAN is not required.

***Other Significant Affiliates — Consolidated***

In addition to the VIEs discussed above, we consolidate the less than 100% owned entities described below.

*Airnorth* — See discussion in Note 2.

*Eastern Airways* — See discussion in Note 2.

*Aviashelf Aviation Co.* — Bristow Aviation has a 48.5% interest in Aviashelf Aviation Co. (“Aviashelf”), a Russian helicopter company. Additionally, we own 51% of two U.K. joint venture companies, Bristow Helicopters Leasing Ltd. and Sakhalin Bristow Air Services Ltd. These two U.K. companies lease aircraft to Aviashelf which holds the client contracts for our Russian operations. Aviashelf is consolidated based on the ability of certain consolidated subsidiaries of Bristow Aviation to control the vote on a majority of the shares of Aviashelf, rights to manage the day to day operations of the company which were granted under a shareholders’ agreement, and our ability to acquire an additional 8.5% interest in Aviashelf under a put/call option agreement.

**BRISTOW GROUP INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

***Other Significant Affiliates — Unconsolidated***

We have investments in other significant unconsolidated affiliates as described below.

*Cougar* — In early October 2012, we purchased 40 newly issued Class B shares (the “Class B Shares”) in the capital of Cougar Helicopters Inc. (“Cougar”), the largest offshore energy and SAR helicopter service provider in Canada, and certain aircraft, facilities and inventory used by Cougar in its operations, for \$250 million. \$23.8 million had been previously paid for an aircraft and certain other advances, resulting in a net cash outlay of \$226.2 million. Cougar’s operations are primarily focused on serving the offshore oil and gas industry off Canada’s Atlantic coast and in the Arctic. The operating assets purchased include eight Sikorsky S-92 large helicopters, inventory and helicopter passenger, maintenance and SAR facilities located in St. John’s, Newfoundland and Labrador and Halifax, Nova Scotia. The purchased aircraft and facilities are leased to Cougar on a long-term basis. The Class B Shares represent 25% of the voting power and 40% of the economic interests in Cougar. In addition to the \$257.8 million initial cash consideration, which includes \$7.8 million in transaction costs, the terms of the purchase agreement include a potential earn-out of \$40 million payable over three years based on Cougar achieving certain agreed performance targets. The first year and second year earn-out payments of \$6.0 million and \$8.0 million were paid in March 2014 and April 2015, respectively, as Cougar achieved agreed performance targets. The fair value of the earn-out is \$32.5 million and \$31.3 million as of March 31, 2015 and 2014, respectively, and is included in other accrued liabilities and other liabilities and deferred credits on our consolidated balance sheets. The investment in Cougar is accounted for under the equity method. As of March 31, 2015 and 2014, the investment in Cougar was \$61.0 million and \$61.6 million, respectively, and is included on our consolidated balance sheets in investment in unconsolidated affiliates. Due to timing differences in our financial reporting requirements, we record our share of Cougar’s financial results in earnings from unconsolidated affiliates on a three-month delay.

*FB Entities* — As of March 31, 2013, we owned a 50% interest in each of FBS Limited, FB Heliservices Limited and FB Leasing Limited, collectively referred to as the FB Entities, U.K. corporations which principally provide pilot training, maintenance and support services to the British military under a contract that runs through March 2016 with two possible one year extensions. On July 14, 2013, we sold our 50% interest in the FB Entities for £74.0 million, or approximately \$112.2 million. We recorded a pre-tax gain on sale of unconsolidated affiliate of \$103.9 million during fiscal year 2014 on our consolidated statements of income. The FB Entities were accounted for under the equity method prior to July 14, 2013.

*HCA* — As of March 31, 2014, we owned a 50% interest in HCA, a U.K. company that provides inspection and certification services for offshore helidecks. On November 21, 2014, we sold our 50% interest in HCA for £2.7 million, or approximately \$4.2 million. We recorded a pre-tax gain on sale of unconsolidated affiliate of \$3.9 million during fiscal year 2015 on our consolidated statements of income. HCA was accounted for under the equity method prior to November 21, 2014.

*Líder* — We own a 41.9% economic interest in Líder Táxi Aéreo S.A. (“Líder”), the largest provider of helicopter and executive aviation services in Brazil. Líder’s fleet has 59 helicopters and 26 fixed wing aircraft (including owned and managed aircraft). Líder also leases eight aircraft from us to provide helicopter services to its clients. Effective May 28, 2014, our ownership interest in Líder in Brazil was reduced from 42.5% to 41.9% as a result of Líder’s issuance of additional shares to improve tax and cost-saving efficiencies. This transaction resulted in no material impact to our consolidated financial statements. Líder is accounted for under the equity method.

Líder, along with its direct and indirect subsidiaries, were parties to tax litigation involving a tax assessment for taxes calculated in 2005, 2006 and 2007, related to profits of its foreign subsidiaries. Additionally, Líder received tax assessments for the period from 2008 through 2010 and expected to receive tax assessments for 2011 and 2012 related to the same tax issue. On October 9, 2013, a new law went into effect in Brazil, establishing amnesty conditions targeting companies similar to Líder that have tax liabilities under the tax laws in question. Under the amnesty, companies could settle any tax liabilities related to the profits of foreign subsidiaries incurred through December 31, 2012 by making payment in full for amounts levied or entering into an installment payment plan by November 29, 2013. Acceptance of this amnesty offer would result in the complete forgiveness of any late payment penalties, other fines, interest and legal charges in the case of full payment and a partial reduction in late payment penalties, other fines, interest and legal charges relating to outstanding taxes levied that may be paid in an installment plan. As a condition to accepting the amnesty offer, companies would withdraw from all administrative and judicial cases filed challenging the levying of the above-mentioned taxes.

**BRISTOW GROUP INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

In November 2013, under this amnesty law, Líder made a payment of 62.7 million Brazilian reais (\$27.0 million) for the period from 2005 through 2012. The total amount due for payment in full according to the amnesty law was 93.3 million Brazilian reais (\$40.2 million), but was reduced by existing tax assets for prior tax losses of 30.6 million Brazilian reais (\$13.2 million). As a result of this additional tax expense, our earnings from unconsolidated affiliates were reduced by \$17.1 million during fiscal year 2014. In addition to the November 2013 tax assessment, Líder also recorded tax accruals in December 2013 for expected payments for 2013 for these same taxes on offshore earnings which further reduced our equity earnings in Líder by \$2.2 million during fiscal year 2014. Additionally, during the three months ended March 31, 2014, we recorded an increase in our equity earnings in Líder by \$1.7 million related to lower tax charges for Líder than accrued during the three months ended December 31, 2013.

We were indemnified by the other Líder shareholders for the portion of this tax assessed for the period prior to our investment in Líder in May 2009. The indemnity payment to us of \$2.5 million was paid during the three months ended March 31, 2014 and resulted in an increase in earnings from unconsolidated affiliates during the three months ended March 31, 2014. The total impact on our earnings from unconsolidated affiliates during fiscal year 2014 related to these taxes for Líder was \$13.6 million, net of the indemnity payment.

During the year ended March 31, 2015, we determined that since the acquisition of Líder in fiscal year 2009 we have failed to record the other comprehensive income (loss) related to our Líder investment, consisting of the effects of foreign currency translation, in each reporting period. To correct this error, we reduced our investment in unconsolidated affiliates by \$36.4 million, increased our deferred tax asset within other assets by \$12.7 million and increased our accumulated other comprehensive loss by \$23.6 million as of and for the year ended March 31, 2015. The error, which had no impact on our consolidated statements of income or cash flows, is not material to our consolidated financial statements for the year ended March 31, 2015 or our previously reported consolidated financial statements for any period.

*PAS* — We have a 25% interest in Petroleum Air Services (“PAS”), an Egyptian corporation that provides helicopter and fixed wing transportation to the offshore energy industry in Egypt. Additionally, spare fixed wing capacity is chartered to tourism operators. PAS owns 45 aircraft. PAS is accounted for under the cost method as we are unable to exert significant influence over its operations.

*Other* — Historically, in addition to the expansion of our business through purchases of new and used aircraft, we have also established new joint ventures with local partners or purchased significant ownership interests in companies with ongoing helicopter operations, particularly in countries where we have no operations or our operations are limited in scope, and we continue to evaluate similar opportunities which could enhance our operations. Where we believe that it is probable that an equity method investment will result, the costs associated with such investment evaluations are deferred and included in investment in unconsolidated affiliates on the consolidated balance sheets. For each investment evaluated, an impairment of deferred costs is recognized in the period in which we determine that it is no longer probable an equity method investment will result. As of March 31, 2015 and 2014, we had no amounts in investment in unconsolidated affiliates in the process of being evaluated.

Our percentage ownership and investment balances for the unconsolidated affiliates are as follows:

	March 31,			
	2015	2014	2015	2014
	(In thousands)			
Cost Method:				
PAS .....	25%	25%	\$ 6,286	\$ 6,286
Equity Method:				
Cougar <sup>(1)</sup> .....	40%	40%	61,015	61,570
Líder <sup>(1)</sup> .....	41.9%	42.5%	149,010	193,345
Other .....			65	1,414
Total .....			<u>\$ 216,376</u>	<u>\$ 262,615</u>

<sup>(1)</sup> We had a 25% voting interest in Cougar and under 20% voting interest in Líder as of March 31, 2015 and 2014.

**BRISTOW GROUP INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

Earnings from unconsolidated affiliates were as follows (in thousands):

	Fiscal Year Ended March 31,		
	2015	2014	2013
Dividends from entities accounted for under the cost method:			
PAS .....	\$ 2,068	\$ 4,043	\$ 28
Earnings, net of losses, from entities accounted for under the equity method:			
Cougar.....	(710)	1,053	(736)
FB Entities <sup>(1)</sup> .....	—	3,217	10,517
Lider.....	(4,236)	2,898	14,762
Other <sup>(2)</sup> .....	1,107	1,498	499
	<u>(3,839)</u>	<u>8,666</u>	<u>25,042</u>
Total.....	<u>\$ (1,771)</u>	<u>\$ 12,709</u>	<u>\$ 25,070</u>

<sup>(1)</sup> We sold our 50% interest in the FB entities in July 2013.

<sup>(2)</sup> We sold our 50% interest in HCA in November 2014.

We received \$5.6 million, \$10.3 million and \$16.2 million of dividends from our investments accounted for under the equity method during fiscal years 2015, 2014 and 2013, respectively.

A summary of combined financial information of our unconsolidated affiliates accounted for under the equity method is set forth below (in thousands):

	March 31,	
	2015	2014
	(Unaudited)	
Current assets .....	\$ 200,979	\$ 216,345
Non-current assets.....	384,438	440,470
Total assets.....	<u>\$ 585,417</u>	<u>\$ 656,815</u>
Current liabilities .....	\$ 189,251	\$ 171,604
Non-current liabilities .....	255,318	274,907
Equity.....	140,848	210,304
Total liabilities and equity .....	<u>\$ 585,417</u>	<u>\$ 656,815</u>

	Fiscal Year Ended March 31,		
	2015	2014	2013
	(Unaudited)		
Revenue.....	\$ 499,692	\$ 632,832	\$ 578,175
Gross profit.....	\$ 99,127	\$ 132,760	\$ 126,007
Net income (loss) .....	\$ 559	\$ 21,728	\$ 57,712

**BRISTOW GROUP INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

**Note 4 — PROPERTY AND EQUIPMENT AND ASSETS HELD FOR SALE**

***Property and Equipment***

During fiscal years 2015, 2014 and 2013, we made capital expenditures as follows:

	Fiscal Year Ended March 31,		
	2015	2014	2013
Number of aircraft delivered:			
Medium .....	7	10	2
Large .....	14	11	17
Total aircraft .....	<u>21</u>	<u>21</u>	<u>19</u>
Capital expenditures (in thousands):			
Aircraft and related equipment <sup>(1)</sup> .....	\$ 476,368	\$ 563,724	\$ 504,329
Other .....	125,466	64,889	67,096
Total capital expenditures <sup>(2)</sup> .....	<u>\$ 601,834</u>	<u>\$ 628,613</u>	<u>\$ 571,425</u>

<sup>(1)</sup> During fiscal years 2015, 2014 and 2013, we spent \$440.9 million, \$529.4 million and \$312.7 million, respectively, on construction in progress which primarily represents progress payments on aircraft to be delivered in future periods.

<sup>(2)</sup> During fiscal year 2013, we paid \$190.9 million for aircraft and facilities used by Cougar.

Additionally, the following tables present details on the aircraft sold or disposed of and impairments on assets held for sale during fiscal years 2015, 2014 and 2013:

	Fiscal Year Ended March 31,		
	2015	2014	2013
	(In thousands, except for number of aircraft)		
Number of aircraft sold or disposed of <sup>(1)</sup> .....	44	46	27
Proceeds from sale or disposal of assets <sup>(1)</sup> .....	\$ 414,859	\$ 289,951	\$ 314,847
Gain from sale or disposal of assets .....	\$ 208	\$ 6,092	\$ 3,708
Number of aircraft impaired .....	27	11	10
Impairment charges on aircraft held for sale and construction in progress <sup>(2)</sup> .....	\$ 36,057	\$ 6,814	\$ 4,362

<sup>(1)</sup> During fiscal years 2015, 2014 and 2013, respectively, 14, 14 and 11 of these aircraft sold were leased back and we received \$380.7 million, \$246.4 million and \$255.8 million in proceeds for the aircraft.

<sup>(2)</sup> Fiscal year 2013 includes a gain related to four large aircraft reclassified from held for sale to aircraft and equipment as they were returned to operational status as a result of the issues associated with the Airbus Helicopters H225 Super Puma helicopters and reversed previously recorded impairment charges of \$8.7 million.

The following items impacted property and equipment during fiscal year 2015:

- We recorded impairment charges totaling \$36.1 million related to 27 aircraft included in assets held for sale. Included in the impairment charges were \$24.5 million recorded during the three months ended December 31, 2014 related to ten large aircraft as a result of negotiations associated with the disposal of all 17 of this aircraft type in our fleet. During the three months ended March 31, 2015, we completed the disposal of 13 of these aircraft and recorded an additional loss of \$6.4 million. Additionally, as we expect to complete the disposal of the remaining four aircraft of this type still operating in Australia in fiscal year 2016, we adjusted the salvage value and recorded additional depreciation expense of \$6.2 million during the three months ended March 31, 2015. We also expect to record additional depreciation expense of \$6.2 million during the three months ended June 30, 2015 related to these remaining aircraft. Also included in the impairment charges were \$4.3 million related to three medium prototype aircraft included

## BRISTOW GROUP INC. AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

in assets held for sale. We entered into an agreement in April 2015 to sell these three aircraft and purchase fully developed/non-prototype aircraft.

- We recorded accelerated depreciation of \$4.4 million for ten medium and one fixed wing aircraft operating in our Other International and West Africa business units. Management made the decision to exit these model types earlier than originally anticipated. We expect to record an additional \$3.8 million in fiscal year 2016 relating to this change in fleet strategy.
- We increased the liabilities associated with deferred sale leaseback advance for additional payments made by the purchaser during fiscal year 2015 of \$69.7 million, with a corresponding increase to construction in progress. Additionally, we took delivery and entered into leases for five aircraft related to the deferred sale leaseback and removed a total of \$183.7 million and \$182.6 million, respectively, from construction in progress and deferred sale leaseback advance, current from our consolidated balance sheet. See Note 1 for further details on the deferred sale leaseback.
- We determined that since fiscal year 2010 we had been improperly capitalizing profit on intercompany technical services billings related to aircraft modifications. To correct this error, we reduced property and equipment, net of accumulated depreciation, by \$4.4 million and increased deferred gains on aircraft sold and leased back included within other long-term liabilities by \$0.9 million. The offsetting impact on our consolidated statements of income was a reduction in revenue of \$3.5 million, an increase in direct cost of \$2.0 million and a reduction in depreciation and amortization of \$0.2 million. The error is not material to our consolidated financial statements for fiscal year 2015 or our previously reported consolidated financial statements for any period.
- We received proceeds of \$16.0 million from insurance recoveries for inventory destroyed in the fire in Port Harcourt, Nigeria discussed below. Additionally, we recorded a gain of \$4.9 million in gain (loss) on disposal of assets on our consolidated statement of income and included in the table above.
- We transferred 15 aircraft to held for sale and reduced property and equipment by \$91.5 million.

The following items impacted property and equipment during fiscal year 2014:

- In March 2014, we had a fire in our Port Harcourt, Nigeria aircraft hangar. Two aircraft were damaged and \$11.1 million of inventory spare parts were destroyed. The aircraft hangar was partially damaged. We wrote off \$11.1 million of inventory destroyed in the fire, which was offset by a receivable recorded of \$11.1 million for insurance proceeds.
- We received payment of approximately \$106.1 million for progress payments we had previously made on seven aircraft under construction and we assigned any future payments due on these construction agreements to the purchaser. As we have the obligation and intent to lease the aircraft back from the purchaser upon completion, we recorded a liability equal to the cash received and payments made by the purchaser during fiscal year 2014 totaling \$60.2 million, with a corresponding increase to construction in progress. See Note 1 for further details on the deferred sale leaseback advance.
- We transferred 36 aircraft to held for sale and reduced property and equipment by \$51.6 million.

The following items impacted property and equipment during fiscal year 2013:

- We received proceeds from insurance recoveries of \$4.7 million and recorded a gain of \$2.8 million in gain (loss) on disposal of assets on our consolidated statement of income and included in the table above.
- We transferred 16 aircraft to held for sale, reducing property and equipment by \$13.9 million.

#### *Assets Held for Sale*

As of March 31, 2015 and 2014, we had 12 and 16 aircraft, totaling \$57.8 million and \$29.3 million, classified as held for sale, respectively. We recorded impairment charges of \$36.1 million, \$6.8 million and \$4.4 million to reduce the carrying value of 27, 11 and 10 aircraft held for sale during fiscal years 2015, 2014 and 2013, respectively. These impairment charges were included as a reduction in gain (loss) on disposal of assets in the consolidated statements of income.



**BRISTOW GROUP INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

**Note 5 — DEBT**

Debt as of March 31, 2015 and 2014 consisted of the following (in thousands):

	March 31,	
	2015	2014
6 ¼% Senior Notes due 2022 .....	\$ 401,535	\$ 450,000
Term Loan .....	222,179	226,604
3% Convertible Senior Notes due 2038, including \$0.9 million and \$5.1 million of unamortized discount, respectively .....	114,109	109,904
Revolving Credit Facility .....	83,800	24,000
Airnorth debt .....	23,119	—
Eastern Airways debt.....	19,680	29,911
Other debt .....	—	883
Total debt .....	<u>864,422</u>	<u>841,302</u>
Less short-term borrowings and current maturities of long-term debt .....	<u>(18,730)</u>	<u>(14,207)</u>
Total long-term debt .....	<u>\$ 845,692</u>	<u>\$ 827,095</u>

*6 ¼% Senior Notes due 2022* — On October 12, 2012, we completed an offering of \$450 million of 6 ¼% Senior Notes due 2022 (the “6 ¼% Senior Notes”). The 6 ¼% Senior Notes are unsecured senior obligations and rank effectively junior in right of payment to all our existing and future secured indebtedness, rank equal in right of payment with our existing and future senior unsecured indebtedness and rank senior in right of payment to any of our existing and future subordinated indebtedness. The 6 ¼% Senior Notes are jointly and severally guaranteed on a senior unsecured basis by certain of our U.S. subsidiaries (the “Guarantor Subsidiaries”). The indenture for our 6 ¼% Senior Notes includes restrictive covenants which limit, among other things, our ability to incur additional debt, issue disqualified stock, pay dividends, repurchase stock, invest in other entities, sell assets, incur additional liens or security, merge or consolidate the Company and enter into transactions with affiliates. Interest on the 6 ¼% Senior Notes is payable on April 15 and October 15 of each year, beginning April 15, 2013, and the 6 ¼% Senior Notes mature on October 15, 2022. We may redeem any of the 6 ¼% Senior Notes at any time on or after October 15, 2017, in whole or part, in cash, at certain redemption prices plus accrued and unpaid interest, if any, to the date of redemption. At any time prior to October 15, 2015, we may redeem up to 35% of the aggregate principal amount of the 6 ¼% Senior Notes issued under the indenture with the net proceeds of certain equity offerings at a redemption price equal to 106.25% of the principal amount of the 6 ¼% Senior Notes plus accrued and unpaid interest, if any, to the date of redemption. We may make that redemption only if, after the redemption, at least 65% of the aggregate principal amount of the 6 ¼% Senior Notes issued under the indenture remains outstanding. In addition, at any time prior to October 15, 2017, we may redeem all, but not less than all, of the 6 ¼% Senior Notes at a redemption price equal to the principal amount plus an applicable premium and accrued and unpaid interest, if any, to the redemption date. We incurred financing fees of \$7.4 million, that are included as deferred financing fees in other assets in the consolidated balance sheets which we will amortize as interest expense in the consolidated statements of income over the life of the 6 ¼% Senior Notes.

In fiscal year 2015, we repurchased \$48.5 million principal amount of the 6 ¼% Senior Notes in the open market at 103.75% to 107.75%, plus accrued interest, for a total of \$52.0 million. In connection with these repurchases, we incurred 2.6 million in premium and fees which are included in extinguishment of debt on our consolidated statements of income, and wrote-off \$0.7 million of unamortized deferred financing fees, which is included in interest expense, net on our consolidated statements of income.

**BRISTOW GROUP INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

*Revolving Credit Facility and Term Loan* — On November 22, 2010, we entered into a \$375 million amended and restated revolving credit and term loan agreement (“Amended and Restated Credit Agreement”), which included a five-year, \$175 million revolving credit facility (with a subfacility of \$30 million for letters of credit) (“Revolving Credit Facility”) and a five-year, \$200 million term loan (“Term Loan”) (together, our “Credit Facilities”). Proceeds from the Term Loan and the borrowings under the Revolving Credit Facility were used primarily to redeem the 6 1/8% Senior Notes due 2013 during fiscal year 2011.

On December 22, 2011, we entered into the first amendment to the Amended and Restated Credit Agreement (the “First Amendment”). The First Amendment (a) increased the commitments under the Revolving Credit Facility from \$175 million to \$200 million, (b) increased our Term Loan borrowings from \$200 million to \$250 million, (c) extended the maturity date of the Revolving Credit Facility and Term Loan from November 2015 to December 2016 and (d) reduced the applicable margins and commitment fees with respect to the Revolving Credit Facility and Term Loan. Proceeds from the \$50 million increase of the Term Loan were used to pay off other borrowings at higher interest rates and for general corporate purposes. Borrowings under the Term Loan are payable in quarterly installments and commenced on December 30, 2011, with \$133.8 million due in December 2016.

As amended by the First Amendment, borrowings under the Revolving Credit Facility bear interest at an interest rate equal to, at our option, either the Base Rate or LIBOR (or EURIBO, in the case of Euro-denominated borrowings) plus the applicable margin. “Base Rate” means the higher of (1) the prime rate and (2) the Federal Funds rate plus 0.50% per annum. The applicable margin for borrowings ranges from 0.00% to 2.25%, depending on whether the Base Rate or LIBOR is used, and is determined based on our leverage ratio pricing grid. In addition, we are required to pay fees on the daily unused amount of the Revolving Credit Facility in an amount per annum equal to an applicable percentage, which ranges from 0.25% to 0.50% and is determined based on our leverage ratio pricing grid. Fees owed on the letters of credit issued under the Revolving Credit Facility are equal to the applicable margin for LIBOR borrowings. The interest rate was 1.93% and 1.91% as of March 31, 2015 and 2014, respectively.

Obligations under the Amended and Restated Credit Agreement are guaranteed by the Guarantor Subsidiaries and secured by the U.S. cash and cash equivalents, accounts receivable, inventories, non-aircraft equipment, prepaid expenses and other current assets, intangible assets and intercompany promissory notes held by Bristow Group Inc. and the Guarantor Subsidiaries, and 100% and 65% of the capital stock of certain of our principal domestic and foreign subsidiaries, respectively. In addition, the Amended and Restated Credit Agreement includes customary covenants, including certain financial covenants and restrictions on our 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; sale of assets; payments of dividends or repurchases of our capital stock; and entering into transactions with affiliates.

Simultaneously with the closing of the 364-Day Credit Agreement described below, we entered into the second amendment to our Amended and Restated Credit Agreement, dated as of October 1, 2012 (the “Second Amendment”).

The Second Amendment amended the Amended and Restated Credit Agreement in order to, among other things, permit the granting of liens by the Company and the Guarantors Subsidiaries in favor of the lenders under the 364-Day Credit Agreement on a *pari passu* secured basis with the liens granted in favor of the lenders under the Amended and Restated Credit Agreement.

On April 29, 2013, we entered into the third amendment to the Amended and Restated Credit Agreement (the “Third Amendment”). The Third Amendment (a) increased the commitments under the Revolving Credit Facility from \$200 million to \$350 million and (b) extended the maturity date of the Revolving Credit Facility and the Term Loan from December 2016 to April 2018.

On March 14, 2014, we entered into the fourth amendment to the Amended and Restated Credit Agreement (the “Fourth Amendment”). The Fourth Amendment, among other things, extended the maturity date of the Revolving Credit Facility and the Term Loan from April 2018 to April 2019.

On April 17, 2015, we entered into the fifth amendment to the Amended and Restated Credit Agreement (the “Fifth Amendment”). The Fifth Amendment, among other things (a) increased the commitments under the Revolving Credit Facility from \$350 million to \$400 million (b) increased the Term Loan borrowings from approximately \$222.6 million to \$350.0 million and (c) permits the Company to incur additional credit facility debt to refinance its existing 3% Convertible Senior Notes.

During fiscal year 2015, we had borrowings of \$453.0 million and made payments of \$393.2 million under the Revolving Credit Facility. Additionally, we paid \$4.5 million to reduce our borrowings under the Term Loan. As of March 31, 2015, we had \$0.5 million in letters of credit outstanding.

**BRISTOW GROUP INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

*3% Convertible Senior Notes due 2038* — In June 2008, we completed the sale of \$115 million of 3% Convertible Senior Notes due 2038 (the “3% Convertible Senior Notes”). These notes are unsecured senior obligations and rank effectively junior in right of payment to our existing and future secured indebtedness, rank equal in right of payment to all of our existing and future unsecured senior debt and rank senior in right of payment to any of our existing and future subordinated indebtedness. The 3% Convertible Senior Notes are guaranteed by the Guarantor Subsidiaries. Interest is paid on the 3% Convertible Senior Notes on June 15 and December 15 of each year. The notes are convertible, under certain circumstances, using a net share settlement process, into a combination of cash and our common stock (“Common Stock”). As of March 31, 2015, the base conversion price of the notes was approximately \$73.07, based on the base conversion rate of 13.6849 shares of Common Stock per \$1,000 principal amount of convertible notes (subject to adjustment in certain circumstances, including the payment of dividends). In general, upon conversion of a note, the holder will receive cash equal to the principal amount of the note and Common Stock to the extent of the note’s conversion value in excess of such principal amount. In addition, if at the time of conversion the applicable price of our Common Stock exceeds the base conversion price, holders will receive up to an additional 8.8952 shares of our Common Stock per \$1,000 principal amount of notes, as determined pursuant to a specified formula.

The notes will mature on June 15, 2038 and may not be redeemed by us prior to June 15, 2015, after which they may be redeemed at 100% of principal amount plus accrued and unpaid interest. Holders of the 3% Convertible Senior Notes may require us to repurchase any or all of their notes for cash on June 15, 2015, 2020, 2025, 2030 and 2035, or in the event of a fundamental change, as defined in the indenture for the 3% Convertible Senior Notes (including the delisting of our Common Stock and certain change of control transactions), at a price equal to 100% of the principal amount plus accrued and unpaid interest. If a holder elects to convert its notes in connection with certain fundamental changes occurring prior to June 15, 2015, we will increase the applicable conversion rate by a specified number of additional shares of Common Stock. As of March 31, 2015, the if-converted value of the 3% Convertible Senior Notes did not exceed the principal balance. On May 15, 2015, we issued a notice to the holders of our 3% Convertible Senior Notes pursuant to which such holders have the option to require us to repurchase all or any part of the 3% Convertible Senior Notes on June 15, 2015.

Accounting standards require that convertible debt which may be settled in cash upon conversion (including partial cash settlement) be accounted for with a liability component based on the fair value of similar nonconvertible debt and an equity component based on the excess of the initial proceeds from the convertible debt over the liability component. Such excess represents proceeds related to the conversion option and are recorded as additional paid-in capital. The liability is recorded at a discount, which is then amortized as additional non-cash interest expense over the convertible debt’s remaining life to the first put date. The balances of the debt and equity components of the 3% Convertible Senior Notes as of each period presented are as follows (in thousands):

	<u>March 31, 2015</u>	<u>March 31, 2014</u>
Equity component – net carrying value .....	\$ 14,905	\$ 14,905
Debt component:		
Face amount due at maturity.....	\$ 115,000	\$ 115,000
Unamortized discount.....	(891)	(5,096)
Debt component – net carrying value.....	<u>\$ 114,109</u>	<u>\$ 109,904</u>

The remaining debt discount is being amortized into interest expense over the period to the earliest put date of June 2015 for the 3% Convertible Senior Notes using the effective interest rate. The effective interest rate for each of fiscal years 2015, 2014 and 2013 was 6.9%. Interest expense related to our 3% Convertible Senior Notes for fiscal years 2015, 2014 and 2013 was as follows (in thousands):

	<u>Fiscal Year Ended March 31,</u>		
	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractual coupon interest .....	\$ 3,450	\$ 3,450	\$ 3,450
Amortization of debt discount .....	4,205	3,708	3,597
Total interest expense .....	<u>\$ 7,655</u>	<u>\$ 7,158</u>	<u>\$ 7,047</u>

**BRISTOW GROUP INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

*Airnorth*—Airnorth’s outstanding debt includes interest bearing term loans and borrowings of \$22.5 million and a commercial bill of \$0.6 million as of March 31, 2015. The term loans and borrowings primarily relate to the purchase of aircraft, have a term of 2 to 10 years and bear interest at LIBOR plus a margin of 2.85% to 3.1%. The interest rate on the term loans and borrowings was between 3.08% to 5.6% as of March 31, 2015. The term loans and borrowings have either monthly or quarterly principal payments and have customary covenants, including certain financial covenants. The commercial bill is used for working capital and has a term of 12 years. As of March 31, 2015, the interest rate for the commercial bill was 2.31%.

*Eastern Airways* — Eastern Airways’ outstanding debt includes interest bearing term loans and borrowings of \$19.7 million as of March 31, 2015. The term loans and borrowings primarily relate to purchase of aircraft and inventory, have a term of 2 to 10 years and bear interest at LIBOR plus a margin of 2.75% to 3.5%. The interest rate on the term loans was between 3.225% and 3.975% as of March 31, 2015. These term loans and borrowings have either monthly or quarterly principal payments and have customary covenants, including certain financial covenants.

*Other Debt* — During fiscal year 2014, Aviashelf borrowed \$1.1 million from a commercial bank on a line of credit. During fiscal year 2015, Aviashelf borrowed \$1.2 million against the line of credit and made payments of \$2.0 million. As of March 31, 2015, the interest rate for the line of credit was 11.5%.

*Other Matters* — Aggregate annual maturities (which excludes unamortized discount of \$1.3 million) for all debt for the next five fiscal years and thereafter are as follows (in thousands):

Fiscal year ending March 31	
2016.....	\$ 18,730
2017.....	30,945
2018.....	26,480
2019.....	35,994
2020.....	228,755
Thereafter .....	524,853
	<u>\$ 865,757</u>

Interest paid in fiscal years 2015, 2014 and 2013 was \$38.0 million, \$38.4 million and \$25.9 million, respectively. Capitalized interest was \$14.6 million, \$14.1 million and \$6.6 million in fiscal years 2015, 2014 and 2013, respectively.

**Note 6 — FAIR VALUE DISCLOSURES**

Assets and liabilities subject to fair value measurement are categorized into one of three different levels depending on the observability of the inputs employed in the measurement, as follows:

- Level 1 – observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2 – inputs that reflect quoted prices for identical assets or liabilities in markets which are not active; quoted prices for similar assets or liabilities in active markets; inputs other than quoted prices that are observable for the asset or liability; or inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3 – unobservable inputs reflecting the Company’s own assumptions incorporated in valuation techniques used to determine fair value. These assumptions are required to be consistent with market participant assumptions that are reasonably available.

**BRISTOW GROUP INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

***Non-recurring Fair Value Measurements***

The majority of our non-financial assets, which include inventories, property and equipment, assets held for sale, goodwill and other intangible assets, are not required to be carried at fair value on a recurring basis. However, if certain triggering events occur such that a non-financial asset is required to be evaluated for impairment and deemed to be impaired, the impaired non-financial asset is recorded as its fair value.

See Note 2 for details on the fair values related to the Airnorth and Eastern Airways acquisition.

The following table summarizes the assets as of March 31, 2015, valued at fair value on a non-recurring basis (in thousands):

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance as of March 31, 2015	Total Loss for Fiscal Year 2015
Inventories.....	\$ —	\$ 3,139	\$ —	\$ 3,139	\$ (7,167)
Assets held for sale .....	—	54,310	—	54,310	(36,057)
Total assets.....	<u>\$ —</u>	<u>\$ 57,449</u>	<u>\$ —</u>	<u>\$ 57,449</u>	<u>\$ (43,224)</u>

The following table summarizes the assets as of March 31, 2014, valued at fair value on a non-recurring basis (in thousands):

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance as of March 31, 2014	Total Loss for Fiscal Year 2014
Inventories.....	\$ —	\$ 50,505	\$ —	\$ 50,505	\$ (12,669)
Assets held for sale .....	—	16,050	—	16,050	(6,814)
Total assets.....	<u>\$ —</u>	<u>\$ 66,555</u>	<u>\$ —</u>	<u>\$ 66,555</u>	<u>\$ (19,483)</u>

The fair value of inventories using Level 2 inputs is determined by evaluating the current economic conditions for sale and disposal of spare parts, which includes estimates as to the recoverability of the carrying value of the parts based on historical experience with sales and disposal of similar spare parts, the expected timeframe of sales or disposals, the location of the spare parts to be sold and the condition of the spare parts to be sold or otherwise disposed of. See Note 1 for further discussion of the impairment of inventories. The fair value of assets held for sale using Level 2 inputs is determined through evaluation of expected sales proceeds for aircraft. This analysis includes estimates based on historical experience with sales, recent transactions involving similar assets, quoted market prices for similar assets and condition and location of aircraft to be sold or otherwise disposed of. The \$36.1 million loss on assets held for sale for fiscal year 2015 related to 27 aircraft and the \$6.8 million loss on assets held for sale for fiscal year 2014 related to 11 aircraft.

**BRISTOW GROUP INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

***Recurring Fair Value Measurements***

The following table summarizes the financial instruments we had as of March 31, 2015, valued at fair value on a recurring basis (in thousands):

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance as of March 31, 2015	Balance Sheet Classification
Rabbi Trust investments .....	\$ 2,379	\$ —	\$ —	\$ 2,379	Other assets
Total assets.....	<u>\$ 2,379</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 2,379</u>	
Contingent consideration <sup>(1)</sup> :					
Current.....	\$ —	\$ —	\$ 33,938	\$ 33,938	Other accrued liabilities
Long-term .....	\$ —	\$ —	\$ 4,967	\$ 4,967	Other liabilities and deferred credits
Total liabilities.....	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 38,905</u>	<u>\$ 38,905</u>	

<sup>(1)</sup> Relates to our investments in Cougar totaling \$32.5 million and Airnorth totaling \$6.4 million (see Note 3).

The following table summarizes the financial instruments we had as of March 31, 2014, valued at fair value on a recurring basis (in thousands):

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance as of March 31, 2014	Balance Sheet Classification
Rabbi Trust investments.....	\$ 6,599	\$ —	\$ —	\$ 6,599	Other assets
Total assets.....	<u>\$ 6,599</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 6,599</u>	
Contingent consideration <sup>(1)</sup> :					
Current .....	\$ —	\$ —	\$ 7,652	\$ 7,652	Other accrued liabilities
Long-term .....	\$ —	\$ —	\$ 23,670	\$ 23,670	Other liabilities and deferred credits
Total liabilities.....	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 31,322</u>	<u>\$ 31,322</u>	

<sup>(1)</sup> Relates to an investment in Cougar (see Note 3).

The rabbi trust investments consist of cash and mutual funds whose fair value are based on quoted prices in active markets for identical assets, and are designated as Level 1 within the valuation hierarchy. The rabbi trust holds investments related to our non-qualified deferred compensation plan for our senior executives as discussed in Note 9.

**BRISTOW GROUP INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

The following table provides a rollforward of the contingent consideration liability Level 3 fair value measurements during fiscal year 2015 (in thousands):

	<u>Significant Unobservable Inputs (Level 3)</u>
Contingent consideration:	
Balance as of March 31, 2014 .....	\$ 31,322
Change in fair value of contingent consideration .....	1,177
Airnorth acquisition .....	6,406
Balance as of March 31, 2015 .....	<u>\$ 38,905</u>

We assess the estimated fair value of the contractual obligation to pay the contingent consideration on a quarterly basis and any changes in estimated fair value are recorded as accretion expense included in depreciation and amortization on our consolidated statements of income. Fluctuations in the fair value of contingent consideration are impacted by two unobservable inputs, management's estimate of the probability of Cougar or Airnorth achieving certain agreed performance targets and the estimated discount rate. As of March 31, 2015 and 2014, the discount rate approximated 4% for the contingent consideration related to Cougar. As of March 31, 2015, the discount rate approximated 2% for the contingent consideration related to Airnorth.

The fair value of our debt has been estimated in accordance with the accounting standard regarding fair value. The fair value of our fixed rate long-term debt is estimated based on quoted market prices. The carrying and fair value of our long-term debt, including the current portion, are as follows (in thousands):

	<u>March 31,</u>			
	<u>2015</u>		<u>2014</u>	
	<u>Carrying Value</u>	<u>Fair Value</u>	<u>Carrying Value</u>	<u>Fair Value</u>
6 ¼% Senior Notes.....	\$ 401,535	\$ 381,458	\$ 450,000	\$ 477,000
Term Loan.....	222,179	222,179	226,604	226,604
3% Convertible Senior Notes.....	114,109	115,288	109,904	142,382
Revolving Credit Facility.....	83,800	83,800	24,000	24,000
Airnorth debt.....	23,119	23,119	—	—
Eastern Airways debt.....	19,680	19,680	29,911	29,911
Other debt.....	—	—	883	883
	<u>\$ 864,422</u>	<u>\$ 845,524</u>	<u>\$ 841,302</u>	<u>\$ 900,780</u>

*Other*

The fair values of our cash and cash equivalents, accounts receivable and accounts payable approximate their carrying value due to the short-term nature of these items.

**BRISTOW GROUP INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

**Note 7 — COMMITMENTS AND CONTINGENCIES**

*Aircraft Purchase Contracts* — As shown in the table below, we expect to make additional capital expenditures over the next five fiscal years to purchase additional aircraft. As of March 31, 2015, we had 45 aircraft on order and options to acquire an additional 30 aircraft. Although a similar number of our existing aircraft may be sold during the same period, the additional aircraft on order will provide incremental fleet capacity in terms of revenue and operating income. As discussed in Note 1, we were awarded a contract to provide civilian SAR services for all of the U.K. The SAR configured aircraft on order in the table below are intended to service this contract and other SAR contracts.

	Fiscal Year Ending March 31,				Total
	2016	2017	2018	2019 and beyond	
<b>Commitments as of March 31, 2015:</b> <sup>(1)(2)</sup>					
Number of aircraft:					
Medium .....	8	—	—	—	8
Large <sup>(3)</sup> .....	10	5	6	7	28
SAR configured.....	9	—	—	—	9
	<u>27</u>	<u>5</u>	<u>6</u>	<u>7</u>	<u>45</u>
Related expenditures (in thousands) <sup>(2)(4)</sup>					
Medium and large.....	\$ 293,821	\$ 88,547	\$ 75,936	\$ 87,231	\$ 545,535
SAR configured.....	122,796	—	—	—	122,796
	<u>\$ 416,617</u>	<u>\$ 88,547</u>	<u>\$ 75,936</u>	<u>\$ 87,231</u>	<u>\$ 668,331</u>
<b>Options as of March 31, 2015:</b>					
Number of aircraft:					
Medium .....	3	4	7	—	14
Large <sup>(3)</sup> .....	—	9	7	—	16
	<u>3</u>	<u>13</u>	<u>14</u>	<u>—</u>	<u>30</u>
Related expenditures (in thousands) <sup>(3)</sup> .....	<u>\$ 124,382</u>	<u>\$ 286,814</u>	<u>\$ 183,060</u>	<u>\$ —</u>	<u>\$ 594,256</u>

<sup>(1)</sup> Signed client contracts are currently in place that will utilize 13 of these aircraft.

<sup>(2)</sup> Excludes commitments related to sale leaseback advance. See Note 1 for further details.

<sup>(3)</sup> Seventeen large aircraft on order expected to enter service between fiscal years 2017 and 2020 are subject to the successful development and certification of the aircraft.

<sup>(4)</sup> Includes progress payments on aircraft scheduled to be delivered in future periods.

The following chart presents an analysis of our aircraft orders and options during fiscal years 2015, 2014 and 2013:

	Fiscal Year Ended March 31,					
	2015		2014		2013	
	Orders	Options	Orders	Options	Orders	Options
Beginning of fiscal year.....	43	55	45	70	15	40
Aircraft delivered.....	(18)	—	(21)	—	(8)	—
Aircraft ordered .....	8	—	18	—	26	—
New options .....	—	—	—	—	—	42
Exercised options.....	12	(12)	8	(8)	12	(12)
Expired options.....	—	(13)	—	(7)	—	—
Orders assigned subject to leaseback <sup>(1)</sup> .....	—	—	(7)	—	—	—
End of fiscal year.....	<u>45</u>	<u>30</u>	<u>43</u>	<u>55</u>	<u>45</u>	<u>70</u>

<sup>(1)</sup> During fiscal year 2014, we transferred our interest in seven aircraft previously ordered in return for \$106.1 million in progress payments previously paid on these aircraft.



**BRISTOW GROUP INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

We periodically purchase aircraft for which we have no orders. During fiscal year 2015, we purchased three aircraft for which we did not have orders.

*Operating Leases* — We have non-cancelable operating leases in connection with the lease of certain equipment, land and facilities, including leases for aircraft. Rent expense incurred under all operating leases was \$164.8 million, \$105.8 million and \$67.4 million in fiscal years 2015, 2014 and 2013, respectively. Rent expense incurred under operating leases for aircraft was \$138.3 million, \$83.5 million and \$46.8 million in fiscal years 2015, 2014 and 2013, respectively. As of March 31, 2015, aggregate future payments under all non-cancelable operating leases that have initial or remaining terms in excess of one year, including leases for 82 aircraft, are as follows (in thousands):

	<u>Aircraft</u>	<u>Other</u>	<u>Total</u>
Fiscal year ending March 31,			
2016.....	\$ 158,066	\$ 8,378	\$ 166,444
2017.....	155,450	7,798	163,248
2018.....	137,407	8,864	146,271
2019.....	110,139	8,566	118,705
2020.....	72,232	7,560	79,792
Thereafter .....	26,999	51,615	78,614
	<u>\$ 660,293</u>	<u>\$ 92,781</u>	<u>\$ 753,074</u>

In both fiscal years 2015 and 2014, we sold 14 aircraft for \$380.7 million and \$246.4 million, respectively, and entered into 14 separate agreements each year to lease these aircraft back. Additionally, in fiscal year 2014, we received payment of approximately \$106.1 million for progress payments we had previously made on seven aircraft under construction and we assigned any future payments due on these construction agreements to the purchaser. We have the obligation and intent to lease the aircraft back from the purchaser upon completion. See Note 1 for further details.

The aircraft leases range from base terms of up to 180 months with renewal options of up to 240 months in some cases, include purchase options upon expiration and some include early purchase options. The leases contain terms customary in transactions of this type, including provisions that allow the lessor to repossess the aircraft and require us to pay a stipulated amount if we default on our obligations under the agreements. These leases are included in the amounts disclosed above. The following is a summary of the terms related to aircraft leased under operating leases with original or remaining terms in excess of one year:

<b>End of Lease Term</b>	<b>Number of Aircraft</b>	<b>Monthly Lease Payments (in thousands)</b>
Fiscal year 2016 to fiscal year 2017 .....	11	\$ 1,627
Fiscal year 2018 to fiscal year 2020 .....	49	9,512
Fiscal year 2021 to fiscal year 2024 .....	22	2,004
	<u>82</u>	<u>\$ 13,143</u>

*Employee Agreements* — Approximately 45% of our employees are represented by collective bargaining agreements and/or unions with 18% of these employees being represented by collective bargaining agreements and/or unions that have expired or will expire in one year. These agreements generally include annual escalations of up to 6%. Periodically, certain groups of our employees who are not covered by a collective bargaining agreement consider entering into such an agreement.

During fiscal year 2015, we recognized \$0.9 million in severance expense included in direct costs and general and administrative expense in our West Africa business unit. During fiscal years 2015 and 2014, respectively, we recognized \$0.9 million and \$2.9 million in severance expense included in direct costs and general and administrative expense in our North America business unit, primarily as a result of our planned closure of our Alaska operations. During fiscal years 2014 and 2013, we recognized \$2.1 million and \$2.2 million, respectively, in compensation expense included in direct cost related to severance costs as a result of the termination of two separate contracts in the Southern North Sea. Also, during fiscal year 2015, 2014 and 2013, we recognized approximately \$5.5 million, and \$2.9 million, and \$2.0 million, respectively, in compensation expense (including expenses recorded for the acceleration of unvested stock options and restricted stock), included in general and administrative expense, related to the separation between us and officers. We also have employment agreements with members of senior management. For further details on the retirement of our former President and Chief Executive Officer, see Note 9.

**BRISTOW GROUP INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

*Nigerian Litigation* — In November 2005, two of our consolidated foreign affiliates were named in a lawsuit filed with the High Court of Lagos State, Nigeria by Mr. Benneth Osita Onwubalili and his affiliated company, Kensit Nigeria Limited, which allegedly acted as agents of our affiliates in Nigeria. The claimants allege that an agreement between the parties was terminated without justification and seek damages of \$16.3 million. We responded to this claim in early 2006. There has been minimal activity on this claim since then.

*Environmental Contingencies* — The U.S. Environmental Protection Agency, also referred to as the EPA, has in the past notified us that we are a potential responsible party, or PRP, at three former waste disposal facilities that are on the National Priorities List of contaminated sites. Under the federal Comprehensive Environmental Response, Compensation and Liability Act, also known as the Superfund law, persons who are identified as PRPs may be subject to strict, joint and several liability for the costs of cleaning up environmental contamination resulting from releases of hazardous substances at National Priorities List sites. Although we have not yet obtained a formal release of liability from the EPA with respect to any of the sites, we believe that our potential liability in connection with the sites is not likely to have a material adverse effect on our business, financial condition or results of operations.

*Other Purchase Obligations* — As of March 31, 2015, we had \$308.2 million of other purchase obligations representing unfilled purchase orders for aircraft parts, commitments associated with upgrading facilities at our bases and non-cancelable power-by-the-hour maintenance commitments.

*Other Matters* - Although infrequent, aircraft accidents have occurred in the past, and the related losses and liability claims have been covered by insurance subject to deductible, self-insured retention and loss sensitive factors.

We operate in jurisdictions internationally where we are subject to risks that include government action to obtain additional tax revenue. In a number of these jurisdictions, political unrest, the lack of well-developed legal systems and legislation that is not clear enough in its wording to determine the ultimate application, can make it difficult to determine whether legislation may impact our earnings until such time as a clear court or other ruling exists. We operate in jurisdictions currently where amounts may be due to governmental bodies that we are not currently recording liabilities for as it is unclear how broad or narrow legislation may ultimately be interpreted. We believe that payment of amounts in these instances is not probable at this time, but is reasonably possible.

A loss contingency is reasonably possible if the contingency has a more than remote but less than probable chance of occurring. Although management believes that there is no clear requirement to pay amounts at this time and that positions exist suggesting that no further amounts are currently due, it is reasonably possible that a loss could occur for which we have estimated a maximum loss at March 31, 2015 to be approximately \$5 million to \$8 million.

We are a defendant in certain claims and litigation arising out of operations in the normal course of business. In the opinion of management, uninsured losses, if any, will not be material to our financial position, results of operations or cash flows.

**BRISTOW GROUP INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

**Note 8 — TAXES**

The components of deferred tax assets and liabilities are as follows (in thousands):

	<b>March 31,</b>	
	<b>2015</b>	<b>2014</b>
Deferred tax assets:		
Foreign tax credits.....	\$ 31,134	\$ 17,628
Net operating losses .....	17,487	15,627
Accrued pension liability .....	21,657	18,531
Maintenance and repair .....	—	12,674
Accrued equity compensation .....	12,728	11,627
Deferred revenue .....	2,156	2,124
Employee award programs.....	7,515	6,289
Employee payroll accruals .....	5,118	4,845
Inventories.....	5,259	5,784
Investment in unconsolidated affiliates.....	6,539	—
Other.....	4,790	3,188
Valuation allowance.....	(11,700)	(6,896)
Total deferred tax assets.....	<u>\$ 102,683</u>	<u>\$ 91,421</u>
Deferred tax liabilities:		
Property and equipment .....	\$ (207,395)	\$ (205,104)
Inventories.....	(196)	(12,740)
Investment in unconsolidated affiliates.....	—	(8,985)
Employee programs .....	(1,564)	(1,895)
Other.....	(8,378)	(9,195)
Total deferred tax liabilities .....	<u>\$ (217,533)</u>	<u>\$ (237,919)</u>
Net deferred tax liabilities .....	<u>\$ (114,850)</u>	<u>\$ (146,498)</u>

Companies may use foreign tax credits to offset the U.S. income taxes due on income earned from foreign sources. However, the credit that may be claimed for a particular taxable year is limited by the total income tax on the U.S. income tax return as well as by the ratio of foreign source net income in each statutory category to total net income. The amount of creditable foreign taxes available for the taxable year that exceeds the limitation (i.e., “excess foreign tax credits”) may be carried back one year and forward ten years. We have \$31.1 million of excess foreign tax credits as of March 31, 2015, of which \$6.6 million will expire in fiscal year 2021, \$3.9 million will expire in fiscal year 2022, \$0.2 million will expire in fiscal year 2023, \$6.9 million will expire in fiscal year 2024 and \$13.5 million will expire in 2025.

We record a valuation allowance when it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of the deferred tax assets depends on the ability to generate sufficient taxable income of the appropriate character in the future and in the appropriate taxing jurisdictions. As of March 31, 2015, valuation allowances totaled \$11.7 million for operating loss carryforwards. The increase in the valuation allowance of \$4.8 million in fiscal year 2015 resulted from foreign losses.

The components of income before provision for income taxes for fiscal years 2015, 2014 and 2013 are as follows (in thousands):

	<b>Fiscal Year Ended March 31,</b>		
	<b>2015</b>	<b>2014</b>	<b>2013</b>
Domestic .....	\$ (40,602)	\$ (14,357)	\$ 2,472
Foreign.....	152,075	259,348	164,205
Total.....	<u>\$ 111,473</u>	<u>\$244,991</u>	<u>\$ 166,677</u>

**BRISTOW GROUP INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

The provision for income taxes for fiscal years 2015, 2014 and 2013 consisted of the following (in thousands):

	Fiscal Year Ended March 31,		
	2015	2014	2013
Current:			
Domestic.....	\$ 4	\$ 36,872	\$ 1,638
Foreign.....	34,822	33,939	26,275
	<u>\$ 34,826</u>	<u>\$ 70,811</u>	<u>\$ 27,913</u>
Deferred:			
Domestic.....	\$ (11,358)	\$ (6,646)	\$ 1,619
Foreign.....	(702)	(6,953)	5,470
	<u>\$ (12,060)</u>	<u>\$ (13,599)</u>	<u>\$ 7,089</u>
Total.....	<u>\$ 22,766</u>	<u>\$ 57,212</u>	<u>\$ 35,002</u>

The reconciliation of the U.S. Federal statutory tax rate to the effective income tax rate for the provision for income taxes is shown below:

	Fiscal Year Ended March 31,		
	2015	2014	2013
Statutory rate.....	35.0 %	35.0 %	35.0 %
Net foreign tax on non-U.S. earnings.....	26.3 %	11.8 %	14.4 %
Foreign earnings indefinitely reinvested abroad.....	(47.0)%	(18.9)%	(28.4)%
Change in valuation allowance.....	4.0 %	1.8 %	— %
Foreign earnings that are currently taxed in the U.S. ....	8.7 %	4.1 %	4.6 %
Effect of reduction in U.K. corporate income tax rate.....	— %	(1.2)%	(1.7)%
Dividend inclusion as a result of internal realignment.....	— %	1.1 %	— %
Benefit of current year foreign tax credits.....	(11.3)%	(5.2)%	(5.5)%
Tax reserve release.....	(0.1)%	(0.7)%	— %
Other, net.....	4.8 %	(4.4)%	2.6 %
Effective tax rate.....	<u>20.4 %</u>	<u>23.4 %</u>	<u>21.0 %</u>

Fiscal years 2014 and 2013 include a benefit due to the revaluation of our deferred taxes as a result of the enactment of tax rate reductions in the U.K. of \$2.9 million and \$2.9 million, respectively, effective April 1 of each year.

In August 2008, certain of our existing and newly created subsidiaries completed intercompany leasing transactions involving eleven aircraft. The tax benefit of this transaction is being recognized over the remaining useful life of the assets, which is approximately 13 years. During each of the fiscal years 2015, 2014 and 2013, this transaction resulted in a \$2.9 million reduction in our consolidated provision for income taxes.

Our operations are subject to the jurisdiction of multiple tax authorities, which impose various types of taxes on us, including income, value added, sales and payroll taxes. Determination of taxes owed in any jurisdiction requires the interpretation of related tax laws, regulations, judicial decisions and administrative interpretations of the local tax authority. As a result, we are subject to tax assessments in such jurisdictions including the re-determination of taxable amounts by tax authorities that may not agree with our interpretations and positions taken. The following table summarizes the years open by jurisdiction as of March 31, 2015:

Jurisdiction	Years Open
U.S. ....	Fiscal year 2012 to present
U.K.....	Fiscal year 2012 to present
Nigeria.....	Fiscal year 2005 to present
Trinidad.....	Fiscal year 2005 to present
Australia.....	Fiscal year 2011 to present

**BRISTOW GROUP INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

The effects of a tax position are recognized in the period in which we determine that it is more-likely-than-not (defined as a more than 50% likelihood) that a tax position will be sustained upon examination, including resolution of any related appeals or litigation processes, based on the technical merits of the position. A tax position that meets the more-likely-than-not recognition threshold is measured as the largest amount of tax benefit that is greater than 50% likely of being recognized upon ultimate settlement.

We have analyzed filing positions in the federal, state and foreign jurisdictions where we are required to file income tax returns for all open tax years. We believe that the settlement of any tax contingencies would not have a significant impact on our consolidated financial position, results of operations and/or liquidity. In fiscal years 2015, 2014 and 2013, we had a net (benefit) provision of \$0.5 million, \$(1.5) million and \$0.1 million, respectively, of reserves for tax contingencies primarily related to non-U.S. income tax on foreign leasing operations. Our policy is to accrue interest and penalties associated with uncertain tax positions in our provision for income taxes. In fiscal years 2015, 2014 and 2013, \$0.4 million, \$0.1 million and \$0.1 million, respectively, in interest and penalties were accrued in connection with uncertain tax positions.

As of March 31, 2015 and 2014, we had \$4.9 million and \$4.4 million, respectively, of unrecognized tax benefits, all of which would have an impact on our effective tax rate, if recognized. The \$4.2 million recorded in fiscal year 2014 relates to pre-acquisition tax matters for the February 2014 acquisition of a 60% interest in Eastern Airways and are the subject of an indemnity, for which a corresponding indemnity asset has been established for the same amount.

The activity associated with our unrecognized tax benefit during fiscal years 2015 and 2014 is as follows (in thousands):

	Fiscal Year Ended March 31,	
	2015	2014
Unrecognized tax benefits – beginning of fiscal year .....	\$ 4,380	\$ 1,710
Eastern pre-acquisition tax liability .....	—	4,193
Increases for tax positions taken in prior years .....	591	129
Decreases for tax positions taken in prior years .....	—	(1,434)
Decrease related to settlements with authorities .....	(67)	(218)
Unrecognized tax benefits – end of fiscal year .....	<u>\$ 4,904</u>	<u>\$ 4,380</u>

Unremitted foreign earnings reinvested abroad upon which U.S. income taxes have not been provided aggregated approximately \$805.3 million and \$679.3 million as of March 31, 2015 and 2014, respectively. No accrual of income tax has been made for fiscal years 2015 and 2014 related to these indefinitely reinvested earnings as there was no plan in place to repatriate any of these foreign earnings to the U.S. as of the end of the fiscal year. Withholding taxes, if any, upon repatriation would not be significant. We do not currently provide for U.S. deferred taxes on unremitted earnings of our foreign subsidiaries as such earnings are deemed to be permanently reinvested. If such earnings were to be distributed, we could be subject to U.S. taxes, which may have a material impact on our results of operations. We cannot practicably estimate the amount of additional taxes that might be payable on unremitted earnings

We receive a tax benefit that is generated by certain employee stock benefit plan transactions. This benefit is recorded directly to additional paid-in-capital on our consolidated balance sheets and does not reduce our effective income tax rate. The tax benefit for fiscal years 2015, 2014 and 2013 totaled approximately \$1.6 million, \$5.7 million and \$0.5 million, respectively.

Income taxes paid during fiscal years 2015, 2014 and 2013 were \$34.8 million, \$59.1 million and \$24.1 million, respectively.

**BRISTOW GROUP INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

**Note 9 — EMPLOYEE BENEFIT PLANS**

***Defined Contribution Plans***

The Bristow Group Inc. Employee Savings and Retirement Plan (the “Bristow Plan”) covers Bristow Group Inc., Bristow U.S. LLC, Bristow Panama Inc. and Bristow Alaska Inc. employees. Under the Bristow Plan, we match each participant’s contributions up to 3% of the employee’s compensation. In addition, under the Bristow Plan, we contribute an additional 3% of the employee’s compensation at the end of each calendar year.

Bristow Helicopters and Bristow International Aviation (Guernsey) Limited (“BIAGL”) have a defined contribution plan. This defined contribution plan replaced the defined benefit pension plans described below for future accrual.

Our contributions to our defined contribution plans were \$15.2 million, \$12.7 million and \$10.9 million for fiscal years 2015, 2014 and 2013, respectively.

***Defined Benefit Plans***

The defined benefit pension plans of Bristow Helicopters and BIAGL replaced by the defined contribution plans described above covered all full-time employees of Bristow Aviation and BIAGL employed on or before December 31, 1997. Both plans were closed to future accrual as of February 1, 2004. The defined benefits for employee members were based on the employee’s annualized average last three years’ pensionable salaries up to February 1, 2004, increasing thereafter in line with retail price inflation (prior to 2011) and consumer price inflation (from 2011 onwards), and subject to maximum increases of 5% per year over the period to retirement. Any valuation deficits are funded by contributions by Bristow Helicopters and BIAGL. Plan assets are held in separate funds administered by the plans’ trustee (the “Trustee”), which are primarily invested in equities and debt securities. For members of the two closed defined benefit pension plans, since January 2005, Bristow Helicopters contributes a maximum of 7% of a participant’s non-variable salary, and since April 2006, the maximum employer contribution into the plan has been 7.35% for pilots. Each member is required to contribute a minimum of 5% of non-variable salary for Bristow Helicopters to match the contribution. In addition, there are three defined contribution plans for staff who were not members of the original defined benefit plans, two of which are closed to new members.

Bristow Norway has a final salary defined benefit pension plan. Pilots may retire from age 58 and other employees from age 62 (after meeting certain criteria). Bristow Norway also participates in the standard Norwegian Avtalefestet pension (contractual pension or “AFP”) early retirement system, which is only applicable for non-pilots due to the higher retirement age. The pension benefit is a percentage of final salary in excess of a deductible. The maximum pension is available to those with 30 or more years of service as of the date of retirement. Additionally, there are associated death and disability benefits. Plan assets are held in an insurance policy with an insurance company and contributions follow Norwegian rules, which are based on an individual actuarial calculation for each plan member.

**BRISTOW GROUP INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

The following tables provide a rollforward of the projected benefit obligation and the fair value of plan assets, set forth the defined benefit retirement plans' funded status and provide detail of the components of net periodic pension cost calculated for the U.K. and Norway pension plans. The measurement date adopted is March 31. For the purposes of amortizing gains and losses, the 10% corridor approach has been adopted and assets are taken at fair market value. Any such gains or losses are amortized over the average remaining life expectancy of the plan members.

	<b>Fiscal Year Ended March 31,</b>	
	<b>2015</b>	<b>2014</b>
	<b>(In thousands)</b>	
Change in benefit obligation:		
Projected benefit obligation (PBO) at beginning of period .....	\$ 637,641	\$ 606,313
Service cost .....	7,878	7,886
Interest cost .....	26,000	26,861
Actuarial loss (gain) .....	86,940	(29,313)
Benefit payments and expenses .....	(28,191)	(23,234)
Effect of exchange rate changes .....	(90,969)	49,128
Projected benefit obligation (PBO) at end of period .....	<u>\$ 639,299</u>	<u>\$ 637,641</u>
Change in plan assets:		
Market value of assets at beginning of period .....	\$ 550,818	\$ 479,666
Actual return on assets .....	57,691	23,630
Employer contributions .....	34,633	28,974
Benefit payments and expenses .....	(28,191)	(23,234)
Effect of exchange rate changes .....	(75,228)	41,782
Market value of assets at end of period .....	<u>\$ 539,723</u>	<u>\$ 550,818</u>
Reconciliation of funded status:		
Accumulated benefit obligation (ABO) .....	<u>\$ 615,136</u>	<u>\$ 611,782</u>
Projected benefit obligation (PBO) .....	<u>\$ 639,299</u>	<u>\$ 637,641</u>
Fair value of assets .....	<u>(539,723)</u>	<u>(550,818)</u>
Net recognized pension liability .....	<u>\$ 99,576</u>	<u>\$ 86,823</u>
Amounts recognized in accumulated other comprehensive loss .....	<u>\$ 252,920</u>	<u>\$ 232,848</u>

	<b>Fiscal Year Ended March 31,</b>		
	<b>2015</b>	<b>2014</b>	<b>2013</b>
	<b>(In thousands)</b>		
Components of net periodic pension cost:			
Service cost for benefits earned during the period .....	\$ 7,878	\$ 7,886	\$ 8,209
Interest cost on PBO .....	26,000	26,861	25,683
Expected return on assets .....	(31,020)	(29,282)	(29,068)
Amortization of unrecognized losses .....	6,653	7,705	6,612
Net periodic pension cost .....	<u>\$ 9,511</u>	<u>\$ 13,170</u>	<u>\$ 11,436</u>

The amount in accumulated other comprehensive loss as of March 31, 2015 expected to be recognized as a component of net periodic pension cost in fiscal year 2016 is \$7.1 million, net of tax, and represents amortization of the net actuarial losses.

**BRISTOW GROUP INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

Actuarial assumptions used to develop the components of the U.K. plans were as follows:

	<b>Fiscal Year Ended March 31,</b>		
	<b>2015</b>	<b>2014</b>	<b>2013</b>
Discount rate .....	4.40%	4.40%	4.90%
Expected long-term rate of return on assets .....	6.29%	6.29%	6.90%
Pension increase rate .....	3.10%	3.30%	3.00%

Actuarial assumptions used to develop the components of the Norway plan were as follows:

	<b>Fiscal Year Ended March 31,</b>		
	<b>2015</b>	<b>2014</b>	<b>2013</b>
Discount rate .....	4.25%	4.00%	3.50%
Rate of compensation increase .....	4.00%	4.25%	4.25%
Social Security increase amount .....	3.75%	4.00%	4.00%
Expected return on plan assets .....	2.75%	3.25%	4.50%
Pension increase rate .....	1.75%	1.25%	0.75%

We utilize a British pound sterling denominated AA corporate bond index as a basis for determining the discount rate for our U.K. plans and NOK-denominated corporate bonds that are credit-rated AA or AAA as a basis for determining the discount rate for our Norway plan. The expected rate of return assumptions have been determined following consultation with our actuarial advisors. In the case of bond investments, the rates assumed have been directly based on market redemption yields at the measurement date, and those on other asset classes represent forward-looking rates that have typically been based on other independent research by investment specialists.

Under U.K. and Guernsey legislation, it is the Trustee who is responsible for the investment strategy of the plans, although day-to-day management of the assets is delegated to a team of regulated investment fund managers. The Trustee of the Bristow Staff Pension Scheme (the “Scheme”) has the following three stated primary objectives when determining investment strategy:

- (i) “funding objective” - to ensure that the Scheme is fully funded using assumptions that contain a modest margin for prudence. Where an actuarial valuation reveals a deficit, a recovery plan will be put in place which will take into account the financial covenant to the employer;
- (ii) “stability objective” - to have due regard to the likely level and volatility of required contributions when setting the Scheme’s investment strategy; and
- (iii) “security objective” - to ensure that the solvency position of the Scheme (as assessed on a gilt basis) is expected to improve. The Trustee will take into account the strength of the employer’s covenant when determining the expected improvement in the solvency position of the Scheme.

The types of investments are held, and the relative allocation of assets to investments is selected, in light of the liability profile of the Scheme, its cash flow requirements, the funding level and the Trustee’s stated objectives. In addition, in order to avoid an undue concentration of risk, assets are diversified within and across asset classes.

In determining the overall investment strategy for the plans, the Trustee undertakes regular asset and liability modeling (“ALM”) with the assistance of their U.K. actuary. The ALM looks at a number of different investment scenarios and projects both a range and a best estimate of likely return from each one. Based on these analyses, and following consultation with us, the Trustee determines the benchmark allocation for the plans’ assets.



**BRISTOW GROUP INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

The market value of the plan assets as of March 31, 2015 and 2014 was allocated between asset classes as follows. Details of target allocation percentages under the Trustee's investment strategies as of the same dates are also included.

Asset Category	Target Allocation as of March 31,		Actual Allocation as of March 31,	
	2015	2014	2015	2014
Equity securities.....	58.3%	57.8%	57.1%	59.1%
Debt securities .....	31.1%	30.8%	35.8%	27.6%
Property.....	—%	—%	1.6%	1.5%
Other assets.....	10.6%	11.4%	5.5%	11.8%
Total.....	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

The following table summarizes, by level within the fair value hierarchy, the plan assets we had as of March 31, 2015, which are valued at fair value (in thousands):

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance as of March 31, 2015
Cash and cash equivalents .....	\$ 13,657	\$ —	\$ —	\$ 13,657
Equity investments - U.K. ....	—	104,953	—	104,953
Equity investments - Non-U.K. ....	—	98,867	—	98,867
Diversified growth (absolute return) funds.....	—	101,242	—	101,242
Government debt securities .....	—	71,998	—	71,998
Corporate debt securities .....	—	93,079	—	93,079
Insurance policies .....	—	—	55,927	55,927
Total investments.....	<u>\$ 13,657</u>	<u>\$ 470,139</u>	<u>\$ 55,927</u>	<u>\$ 539,723</u>

The following table summarizes, by level within the fair value hierarchy, the plan assets we had as of March 31, 2014, which are valued at fair value (in thousands):

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance as of March 31, 2014
Cash and cash equivalents .....	\$ 48,685	\$ —	\$ —	\$ 48,685
Equity investments - U.K. ....	—	118,712	—	118,712
Equity investments - Non-U.K. ....	—	96,537	—	96,537
Diversified growth (absolute return) funds.....	—	105,207	—	105,207
Government debt securities .....	—	51,853	—	51,853
Corporate debt securities .....	—	68,526	—	68,526
Insurance policies .....	—	—	61,298	61,298
Total investments.....	<u>\$ 48,685</u>	<u>\$ 440,835</u>	<u>\$ 61,298</u>	<u>\$ 550,818</u>

The investments' fair value measurement level within the fair value hierarchy is classified in its entirety based on the lowest level of input that is significant to the measurement. The fair value of assets using Level 2 inputs is determined based on the fair value of the underlying investment using quoted prices in active markets or other significant inputs that are deemed observable. Our Norway pension plan is vested in an insurance policy which is designated as Level 3 within the valuation hierarchy and the fair value is based on the estimated value provided by the insurer.

**BRISTOW GROUP INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

The following table summarizes the changes in the Level 3 plan assets for fiscal year 2015 (in thousands):

March 31, 2014 .....	\$ 61,298
Actual return on assets .....	1,084
Net purchases, sales and settlements .....	11,341
Effect of exchange rate changes .....	<u>(17,796)</u>
March 31, 2015 .....	<u>\$ 55,927</u>

Estimated future benefit payments over each of the next five fiscal years from March 31, 2015 and in aggregate for the following five fiscal years after fiscal year 2020, including life assurance premiums, are as follows (in thousands):

<b>Projected Benefit Payments by the Plans for Fiscal Years Ending March 31,</b>	<b>Payments</b>
2016.....	\$ 25,417
2017.....	26,222
2018.....	26,736
2019.....	27,548
2020.....	28,214
Aggregate 2021 - 2024.....	151,155

We expect to fund these payments with our cash contributions to the plans, plan assets and earnings on plan assets. We pre-funded our contributions of £12.5 million (\$18.6 million) to the main U.K. plan for the fiscal year ending March 31, 2016 in fiscal year 2015. Our contributions to the U.K pension plans and Norwegian plan for the fiscal year ending March 31, 2016 are expected to be \$18.1 million and \$11.7 million, respectively.

***Incentive Compensation***

*Incentive and Stock Option Plans* — Stock-based awards are currently made under the Bristow Group Inc. 2007 Long-Term Incentive Plan (the “2007 Plan”). As of March 31, 2015, a maximum of 5,400,000 shares of Common Stock are reserved, including 2,377,643 shares available for incentive awards under the 2007 Plan. Awards granted under the 2007 Plan may be in the form of stock options, stock appreciation rights, shares of restricted stock, other stock-based awards (payable in cash or Common Stock) or performance awards, or any combination thereof, and may be made to outside directors, employees or consultants.

In addition, we have the following incentive and stock plans which have awards outstanding as of March 31, 2015 but under which we no longer make grants:

- The 2004 Stock Incentive Plan (the “2004 Plan”), which provided for awards to officers and key employees in the form of stock options, stock appreciation rights, restricted stock, other stock-based awards or any combination thereof. Options become exercisable at such time or times as determined at the date of grant and expire no more than ten years after the date of grant.
- The 2003 Non-qualified Stock Option Plan for Non-employee Directors (the “2003 Director Plan”), which provided for a maximum of 250,000 shares of Common Stock to be issued pursuant to such plan. As of the date of each annual meeting, each non-employee director who met certain attendance criteria was automatically granted an option to purchase 5,000 shares of our Common Stock. The exercise price of the options granted was equal to the fair market value of the Common Stock on the date of grant, and the options were exercisable not earlier than six months after the date of grant and expire no more than ten years after the date of grant.

**BRISTOW GROUP INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

In June 2014, June 2013 and May 2012, the Compensation Committee of our board of directors authorized the grant of stock options, time vested restricted stock and long-term performance cash awards to participating employees. Each of the stock options has a ten-year term and has an exercise price equal to the fair market value (as defined in the 2007 Plan) of the Common Stock on the grant date of \$74.37, \$62.66 and \$43.38 per share for the June 2014, June 2013 and May 2012 awards, respectively. The options will vest in annual installments of one-third each, beginning on the first anniversary of the grant date. Restricted stock grants vest at the end of three years. Performance cash awards allow the recipient to receive from 0 to 200% of the target amount at the end of three years depending on whether our total shareholder return meets the minimum return requirements and how our total shareholder return ranks among a peer group over the performance period. The value of the performance cash awards is calculated on a quarterly basis by comparing the performance of our Common Stock, including any dividends paid since the award date, against the peer group and has a maximum potential payout of \$15.9 million, \$13.2 million and \$8.8 million for the June 2014, June 2013 and May 2012 awards, respectively. The total value of the awards is recognized as compensation expense over a three-year vesting period with the recognition amount being adjusted quarterly. Compensation expense related to the performance cash awards during fiscal years 2015, 2014 and 2013 was \$14.1 million, \$8.7 million and \$10.2 million, respectively. Performance cash compensation expense has been allocated to our various business units.

In 2007, we established a program to allow vesting of outstanding stock options and restricted stock grants and to waive forfeitures of outstanding performance restricted stock units upon retirement if the employee has achieved no less than five consecutive years of employment with the Company, voluntarily terminates employment after the age of 62 and enters into a noncompetition/nonsolicitation agreement in the form approved and provided by the Company. Subsequently, in 2010, we authorized an amendment to allow vesting of outstanding stock options and restricted stock grants, to continue the right to vest in performance cash awards and to waive forfeitures of outstanding performance restricted stock units upon retirement if the employee has accumulated a combined total of age and years of service with the Company of 80, voluntarily terminates employment and enters into a noncompetition/nonsolicitation agreement in the form approved and provided by the Company. Upon retirement, any unexercised options to purchase Common Stock and shares of restricted stock under the 2004 and 2007 Plans will automatically vest and options will remain exercisable for the remainder of the term specified in the applicable award document and any outstanding performance restricted stock units granted under the 2004 or 2007 Plans will not be forfeited solely due to termination of employment, so that the right remains to receive shares of Common Stock if the applicable performance measures are achieved in accordance with the 2004 or 2007 Plans.

On November 4, 2013, the compensation committee of our board of directors authorized an amendment to all outstanding awards under the 2004 and 2007 Plans. The amendment modified the provisions of the awards with respect to vesting and exercise of such awards upon the involuntary termination by the Company of the recipient's employment other than for "Cause" as defined in the recipient's employment agreement, if any, or as defined in the amendment. The amendment is effective with respect to outstanding awards held by employees who are employed on or after November 4, 2013. The compensation committee retains the discretion to modify or revoke the amendment prospectively and retroactively to the extent such revocation or modification does not have a detrimental impact on an award granted prior to the date of such modification or revocation. If the terms of the amendment conflict with the provisions of an award recipient's employment agreement, the provisions that are more favorable to the recipient apply. The treatment of awards under the plans pursuant to the amendment is similar to the treatment of awards pursuant to our policy for the treatment of awards upon retirement as described above. Upon retirement, however, vested stock options will be exercisable for the remainder of their original term, and performance-based restricted stock units will continue to vest on the original time and performance schedule. As of November 4, 2013, the Company expected awards to ultimately vest under the original vesting conditions. As such, we continued to recognize compensation cost equal to the fair value of the awards at the grant date and no additional compensation expense was recorded during fiscal year 2014.

Total share-based compensation expense, which includes stock options, restricted stock and restricted stock units, was \$16.4 million, \$15.4 million and \$11.9 million for fiscal years 2015, 2014 and 2013, respectively. Stock-based compensation expense is included in general and administrative expense in the consolidated statements of income and has been allocated to our various business units. As of March 31, 2015 and 2014, there were no non-vested restricted stock units.

On May 14, 2013, our board of directors approved an amendment and restatement of the 2007 Plan, which was subsequently approved by our stockholders, to (1) increase the number of shares authorized for issuance thereunder from 2,400,000 shares to 5,400,000 shares, (2) change the way shares are counted such that for each full-value share granted after stockholder approval of the amended and restated 2007 Plan, the available shares will be reduced by two shares whereas for each option and stock appreciation right granted thereafter the available shares will be reduced by only one share, (3) reapprove and update the material terms of the 2007 Plan applicable to performance-based awards, (4) increase the maximum share and cash based individual award limits, (5) remove the ten-year term of the 2007 Plan, and (6) make other administrative and updating changes.

**BRISTOW GROUP INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

A summary of our stock option activity for fiscal year 2015 is presented below:

	Weighted Average Exercise Prices	Number of Shares	Weighted Average Remaining Contractual Life	Aggregate Intrinsic Value  (in thousands)
Outstanding at March 31, 2014.....	\$ 48.62	1,002,156		
Granted .....	74.44	472,744		
Exercised .....	45.31	(114,145)		
Expired or forfeited .....	61.76	(24,619)		
Outstanding at March 31, 2015.....	57.80	<u>1,336,136</u>	<u>7.32</u>	\$ <u>6,410</u>
Exercisable at March 31, 2015.....	46.68	<u>673,784</u>	<u>5.87</u>	\$ <u>7,118</u>

Stock options granted to employees under the 2004 and 2007 Plans vest ratably over three years on each anniversary from the date of grant and expire 10 years from the date of grant. Stock options granted to non-employee directors under the 2003 Director Plans vest after six months.

We use a Black-Scholes option pricing model to estimate the fair value of share-based awards. The Black-Scholes option pricing model incorporates various assumptions, including the risk-free interest rate, volatility, dividend yield and the expected term of the options.

The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the time of grant for a period equal to the expected term of the option. Expected volatilities are based on the historical volatility of shares of our Common Stock, which has not been adjusted for any expectation of future volatility given uncertainty related to the future performance of our Common Stock at this time. We also use historical data to estimate the expected term of the options within the option pricing model and groups of employees that have similar historical exercise behavior are considered separately for valuation purposes. The expected term of the options represents the period of time that the options granted are expected to be outstanding. Additionally, we estimate pre-vesting option forfeitures at the time of grant and periodically revise those estimates in subsequent periods if actual pre-vesting forfeitures differ from those estimates. We record stock-based compensation expense only for those awards expected to vest using an estimated forfeiture rate based on our historical forfeiture data.

The following table shows the assumptions we used to compute the stock-based compensation expense for stock option grants issued during fiscal years 2015, 2014 and 2013.

	Fiscal Year Ended March 31,		
	2015	2014	2013
Risk free interest rate.....	1.67%	1.01%	0.8%
Expected life (years).....	5	5	5
Volatility.....	30.1%	48.7%	50.2%
Dividend yield.....	2.06%	1.60%	1.83%
Weighted average grant-date fair value of options granted.....	\$ 17.17	\$ 23.77	\$ 16.73

Unrecognized stock-based compensation expense related to nonvested stock options was approximately \$8.2 million as of March 31, 2015, relating to a total of 662,352 unvested stock options. We recognize compensation expense on a straight-line basis over the requisite service period for the entire award. We expect to recognize this stock-based compensation expense over a weighted average period of approximately 1.7 years. The total fair value of options vested during fiscal years 2015, 2014 and 2013 was approximately \$8.9 million, \$5.1 million and \$3.9 million, respectively.

The total intrinsic value, determined as of the date of exercise, of options exercised during fiscal years 2015, 2014 and 2013 was \$2.4 million, \$15.5 million and \$6.3 million, respectively. The total amount of cash we received from option exercises during fiscal years 2015, 2014 and 2013 was \$5.2 million, \$15.4 million and \$15.3 million, respectively. The total tax benefit attributable to options exercised during fiscal years 2015, 2014 and 2013 was \$0.6 million, \$5.4 million and \$1.9 million, respectively.

The excess tax benefits from stock-based compensation for fiscal years 2015, 2014 and 2013 of \$1.6 million, \$5.7 million and \$0.5 million, respectively, are reported on our consolidated statements of cash flows in financing activities. This represents the reduction in the provision for income taxes otherwise payable during the period attributable to the actual gross tax benefits in excess of the expected tax benefits for options exercised in current and prior periods.

**BRISTOW GROUP INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

We have restricted stock awards that cliff vest on the third anniversary from the date of grant provided the grantee is still employed by the Company, subject to the Company’s retirement policy.

We record compensation expense for restricted stock awards based on an estimate of the service period related to the awards, which is tied to the future performance of our stock over certain time periods under the terms of the award agreements. The estimated service period is reassessed quarterly. Changes in this estimate may cause the timing of expense recognized in future periods to accelerate. Compensation expense related to awards of restricted stock and restricted stock units for fiscal years 2015, 2014 and 2013 was \$10.1 million, \$9.4 million and \$7.4 million, respectively.

The following is a summary of non-vested restricted stock as of March 31, 2015 and 2014 and changes during fiscal year 2015:

	Units	Weighted Average Grant Date Fair Value per Unit
Non-vested as of March 31, 2014.....	459,717	\$ 52.13
Granted .....	172,808	74.18
Forfeited.....	(5,735)	57.98
Vested.....	<u>(207,561)</u>	48.76
Non-vested as of March 31, 2015 .....	<u>419,229</u>	62.81

Unrecognized stock-based compensation expense related to non-vested restricted stock was approximately \$12.2 million as of March 31, 2015, relating to a total of 419,229 unvested restricted stock. We expect to recognize this stock-based compensation expense over a weighted average period of approximately 1.8 years.

The Annual Incentive Compensation Plan provides for an annual award of cash bonuses to key employees based primarily on pre-established objective measures of performance. The bonuses related to this plan were \$19.9 million, \$17.2 million and \$12.2 million for fiscal years 2015, 2014 and 2013, respectively. Also, management awarded a one-time bonus to all non-officer employees meeting certain service criteria in March 2013 totaling \$3.3 million in the aggregate.

Additionally, we have a non-qualified deferred compensation plan for our senior executives. Under the terms of the plan, participants can elect to defer a portion of their compensation for distribution at a later date. In addition, we have the discretion to make annual tax deferred contributions to the plan on the participants’ behalf. We contributed \$1.5 million, \$0.9 million and \$0.7 million to this plan in each of fiscal years 2015, 2014 and 2013, respectively. The assets of the plan are held in a rabbi trust and are subject to our general creditors. As of March 31, 2015, the amount held in trust was \$2.4 million.

*Retirement of President and Chief Executive Officer* — On February 3, 2014, we announced that William E. Chiles would resign as President and Chief Executive Officer of the Company effective upon the conclusion of the 2014 annual meeting of the stockholders of the Company that was held on July 31, 2014. On June 9, 2014, Jonathan E. Baliff began serving as President and on July 31, 2014 he assumed the additional role of Chief Executive Officer of the Company. Mr. Baliff also became a member of the Board of Directors of the Company effective July 31, 2014. Mr. Chiles remains an employee of the Company and provides consulting services to the Company.

Mr. Chiles and the Company entered into a Retirement and Consulting Agreement, dated January 30, 2014 (the “Agreement”) to specify the terms of his continued employment with the Company. We recorded additional compensation expense, included in general and administrative expense, of \$5.5 million during fiscal year 2015 related to the Agreement.

*Voluntary Separation Plan* — In March 2015, we offered a voluntary separation program (“VSP”) to certain employees as part of the Company's ongoing efforts to improve efficiencies and reduce costs. The VSP was offered to approximately 2,888 employees and 137 employees accepted prior to the expiration of the offers, the date of which varied by region. We will recognize the expense related to their termination benefits over their remaining service period, which we estimate will be \$7.2 million, of which \$6.8 million is expected to be recognized in fiscal year 2016.

**BRISTOW GROUP INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

**Note 10 — STOCKHOLDERS’ INVESTMENT, EARNINGS PER SHARE AND ACCUMULATED OTHER COMPREHENSIVE INCOME**

***Stockholders’ Investment***

*Common Stock* — The total number of authorized shares of Common Stock reserved as of March 31, 2015 was 4,133,008. These shares are reserved in connection with our stock-based compensation plans.

The following is a summary of changes in outstanding shares of Common Stock for the years ended March 31, 2015 and 2014:

	<b>Shares</b>	<b>Weighted Average Price Per Share</b>
Outstanding as of March 31, 2013.....	36,150,639	
Exercise of stock options .....	433,608	\$ 35.51
Issuance of restricted stock .....	167,797	67.27
Repurchases of common stock.....	(1,043,875)	74.40
Other .....	300	65.90
Outstanding as of March 31, 2014.....	35,708,469	
Exercise of stock options .....	114,145	45.31
Issuance of restricted stock .....	176,609	73.73
Repurchases of common stock.....	(1,160,940)	69.63
Other .....	91	67.47
Outstanding as of March 31, 2015.....	<u>34,838,374</u>	

*Restrictions on Foreign Ownership of Common Stock* — Under the Federal Aviation Act, it is unlawful to operate certain aircraft for hire within the U.S. unless such aircraft are registered with the Federal Aviation Administration (the “FAA”) and the FAA has issued an operating certificate to the operator. As a general rule, aircraft may be registered under the Federal Aviation Act only if the aircraft are owned or controlled by one or more citizens of the U.S. and an operating certificate may be granted only to a citizen of the U.S. For purposes of these requirements, a corporation is deemed to be a citizen of the U.S. only if, among other things, at least 75% of its voting interests are owned or controlled by U.S. citizens. If persons other than U.S. citizens should come to own or control more than 25% of our voting interest or if any other requirements are not met, we have been advised that our aircraft may be subject to deregistration under the Federal Aviation Act, and we may lose our ability to operate within the U.S. Deregistration of our aircraft for any reason, including foreign ownership in excess of permitted levels, would have a material adverse effect on our ability to conduct operations within our North America and Bristow Academy business units. Therefore, our organizational documents currently provide for the automatic suspension of voting rights of shares of our Common Stock owned or controlled by non-U.S. citizens, and our right to redeem those shares, to the extent necessary to comply with these requirements. As of March 31, 2015, approximately 2,752,000 shares of our Common Stock were held by persons with foreign addresses. These shares represented approximately 8% of our total outstanding common shares as of March 31, 2015. Our foreign ownership may fluctuate on each trading day because our Common Stock and our 3% Convertible Senior notes are publicly traded.

*Dividends* — We paid quarterly dividends of \$0.32 per share during each quarter of fiscal year 2015, \$0.25 per share during each quarter of fiscal year 2014 and \$0.20 per share during each quarter of fiscal year 2013. On May 15, 2015, our board of directors approved a dividend of \$0.34 per share of Common Stock, payable on June 18, 2015 to shareholders of record on June 5, 2015. For fiscal years 2015, 2014 and 2013, we paid dividends totaling \$45.1 million, \$36.3 million and \$28.7 million, respectively, to our stockholders. The declaration of future dividends is at the discretion of our board of directors and subject to our results of operations, financial condition, cash requirements and other factors and restrictions under applicable law and our debt instruments.

*Share Repurchases* — During fiscal years 2015, 2014, and 2013, we repurchased 1,160,940, 1,043,875 and 24,709 of shares of our Common Stock for \$80.8 million, \$77.7 million and \$1.2 million, respectively. As of May 15, 2015, we had \$125.0 million of repurchase authority remaining from \$150.0 million that was authorized by our board of directors for share repurchases between November 6, 2014 and November 5, 2015.

We recorded the \$80.8 million and \$77.7 million payments as treasury stock on our consolidated balance sheets as of March 31, 2015 and 2014, respectively. Shares outstanding used to calculate earnings per share during fiscal years 2015, 2014 and 2013 reflect the repurchase of shares when they were delivered.

**BRISTOW GROUP INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

**Earnings per Share**

Basic earnings per common share is computed by dividing income available to common stockholders by the weighted average number of shares of Common Stock outstanding during the period. Diluted earnings per common share excludes options to purchase shares and restricted stock awards, which were outstanding during the period but were anti-dilutive, as follows:

	Fiscal Year Ended March 31,		
	2015	2014	2013
Options:			
Outstanding .....	682,800	297,595	469,289
Weighted average exercise price .....	\$ 69.04	\$ 43.59	\$ 43.88
Restricted stock awards:			
Outstanding .....	—	7,416	171
Weighted average price .....	\$ —	\$ 70.90	\$ 48.14

The following table sets forth the computation of basic and diluted earnings per share:

	Fiscal Year Ended March 31,		
	2015	2014	2013
Earnings (in thousands):			
Income available to common stockholders – basic .....	\$ 84,300	\$ 186,737	\$ 130,102
Interest expense on assumed conversion of 3% Convertible Senior Notes, net of tax <sup>(1)</sup> .....	—	—	—
Income available to common stockholders – diluted .....	<u>\$ 84,300</u>	<u>\$ 186,737</u>	<u>\$ 130,102</u>
Shares:			
Weighted average number of common shares outstanding – basic .....	35,193,480	36,283,853	36,010,191
Assumed conversion of 3% Convertible Senior Notes outstanding during the period <sup>(1)</sup> .....	—	—	—
Net effect of dilutive stock options, restricted stock units and restricted stock awards based on the treasury stock method .....	335,125	412,911	479,821
Weighted average number of common shares outstanding – diluted .....	<u>35,528,605</u>	<u>36,696,764</u>	<u>36,490,012</u>
Basic earnings per common share .....	<u>\$ 2.40</u>	<u>\$ 5.15</u>	<u>\$ 3.61</u>
Diluted earnings per common share .....	<u>\$ 2.37</u>	<u>\$ 5.09</u>	<u>\$ 3.57</u>

<sup>(1)</sup> Diluted earnings per common share for fiscal years 2015, 2014 and 2013 excludes a number of potentially dilutive shares determined pursuant to a specified formula initially issuable upon the conversion of our 3% Convertible Senior Notes. The 3% Convertible Senior Notes will be convertible, under certain circumstances, using a net share settlement process, into a combination of cash and our Common Stock. As of March 31, 2015, the base conversion price of the notes was approximately \$73.07, based on the base conversion rate of 13.6849 shares of Common Stock per \$1,000 principal amount of convertible notes (subject to adjustment in certain circumstances, including the payment of dividends). In general, upon conversion of a note, the holder will receive cash equal to the principal amount of the note and Common Stock to the extent of the note's conversion value in excess of such principal amount. In addition, if at the time of conversion the applicable price of our Common Stock exceeds the base conversion price, holders will receive up to an additional 8.8952 shares of our Common Stock per \$1,000 principal amount of notes, as determined pursuant to a specified formula. Such shares did not impact our calculation of diluted earnings per share for fiscal years 2015, 2014 and 2013 as our average stock price during these periods did not meet or exceed the conversion requirements. See Note 5 for further details.

**BRISTOW GROUP INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

***Accumulated Other Comprehensive Income***

The following table sets forth the changes in the balances of each component of accumulated other comprehensive income:

	<b>Currency Translation Adjustments</b>	<b>Pension Liability Adjustments <sup>(1)</sup></b>	<b>Total</b>
Balance as of March 31, 2012 .....	\$ 30,350	\$ (189,589)	\$ (159,239)
Other comprehensive income before reclassification .....	(11,982)	(33,418)	(45,400)
Reclassified from accumulated other comprehensive income .....	—	4,956	4,956
Net current period other comprehensive income .....	(11,982)	(28,462)	(40,444)
Foreign exchange rate impact .....	(3,679)	3,679	—
Balance at March 31, 2013 .....	14,689	(214,372)	(199,683)
Other comprehensive income before reclassification .....	19,810	17,063	36,873
Reclassified from accumulated other comprehensive income .....	—	6,304	6,304
Net current period other comprehensive income .....	19,810	23,367	43,177
Foreign exchange rate impact .....	23,313	(23,313)	—
Balance at March 31, 2014 .....	57,812	(214,318)	(156,506)
Other comprehensive income before reclassification .....	(76,845)	(42,301)	(119,146)
Reclassified from accumulated other comprehensive income .....	—	5,323	5,323
Net current period other comprehensive income .....	(76,845)	(36,978)	(113,823)
Foreign exchange rate impact .....	(20,033)	20,033	—
Balance at March 31, 2015 .....	<u>\$ (39,066)</u>	<u>\$ (231,263)</u>	<u>\$ (270,329)</u>

<sup>(1)</sup> Reclassification of amounts related to pension liability adjustments were included as a component of net periodic pension cost.



**BRISTOW GROUP INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

**Note 11 — SEGMENT INFORMATION**

We conduct our business in one segment: Helicopter Services. During fiscal years 2015, 2014 and 2013, the Helicopter Services segment operations were conducted primarily through five business units: Europe, West Africa, North America, Australia, and Other International. Additionally, we operate a training business unit, Bristow Academy, and provide technical services to clients in the U.S. and U.K., which are included in Corporate and other.

The following tables show business unit information for fiscal years 2015, 2014 and 2013, and as of March 31, 2015 and 2014, where applicable, reconciled to consolidated totals, and prepared on the same basis as our consolidated financial statements (in thousands):

	Fiscal Year Ended March 31,		
	2015	2014	2013
Business unit gross revenue from external clients:			
Europe.....	\$ 876,838	\$ 740,316	\$ 619,480
West Africa.....	327,164	328,793	296,933
North America.....	234,856	230,337	226,114
Australia.....	228,774	168,424	186,752
Other International.....	135,980	134,021	132,662
Corporate and other.....	55,057	67,691	46,532
Total business unit gross revenue.....	<u>\$ 1,858,669</u>	<u>\$ 1,669,582</u>	<u>\$ 1,508,473</u>
Intra-business unit gross revenue:			
Europe.....	\$ 1,309	\$ —	\$ 65
North America.....	20	3	283
Australia.....	254	—	—
Other International.....	(227)	—	—
Corporate and other.....	5,002	4,452	1,989
Total intra-business unit gross revenue.....	<u>\$ 6,358</u>	<u>\$ 4,455</u>	<u>\$ 2,337</u>
Consolidated gross revenue reconciliation:			
Europe.....	\$ 878,147	\$ 740,316	\$ 619,545
West Africa.....	327,164	328,793	296,933
North America.....	234,876	230,340	226,397
Australia.....	229,028	168,424	186,752
Other International.....	135,753	134,021	132,662
Corporate and other.....	60,059	72,143	48,521
Intra-business unit eliminations.....	(6,358)	(4,455)	(2,337)
Total consolidated gross revenue.....	<u>\$ 1,858,669</u>	<u>\$ 1,669,582</u>	<u>\$ 1,508,473</u>

**BRISTOW GROUP INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

	Fiscal Year Ended March 31,		
	2015	2014	2013
Earnings from unconsolidated affiliates, net of losses – equity method investments:			
Europe <sup>(1)</sup> .....	\$ 887	\$ 4,446	\$ 10,517
North America .....	(710)	1,053	(736)
Other International .....	(4,016)	3,167	15,261
Total earnings from unconsolidated affiliates, net of losses – equity method investments .....	<u>\$ (3,839)</u>	<u>\$ 8,666</u>	<u>\$ 25,042</u>
Consolidated operating income (loss) reconciliation:			
Europe .....	\$ 125,016	\$ 114,729	\$ 111,785
West Africa .....	86,074	80,053	70,315
North America .....	52,943	32,255	27,538
Australia .....	6,017	5,523	25,283
Other International .....	18,609	33,769	45,201
Corporate and other .....	(106,936)	(78,630)	(64,046)
Gain (loss) on disposal of assets .....	(35,849)	(722)	8,068
Total consolidated operating income .....	<u>\$ 145,874</u>	<u>\$ 186,977</u>	<u>\$ 224,144</u>
Capital expenditures:			
Europe .....	\$ 192,689	\$ 38,294	\$ 175,270
West Africa .....	1,330	24,324	11,501
North America .....	73,716	24,427	201,439
Australia .....	23,077	7,058	3,736
Other International .....	51,139	28,136	33,147
Corporate and other <sup>(2)</sup> .....	259,883	506,374	146,332
Total capital expenditures .....	<u>\$ 601,834</u>	<u>\$ 628,613</u>	<u>\$ 571,425</u>
Depreciation and amortization:			
Europe .....	\$ 37,535	\$ 32,383	\$ 33,101
West Africa .....	15,815	13,923	13,077
North America .....	22,093	23,505	20,193
Australia .....	22,341	8,728	9,995
Other International .....	15,591	15,024	17,018
Corporate and other .....	918	2,414	2,900
Total depreciation and amortization .....	<u>\$ 114,293</u>	<u>\$ 95,977</u>	<u>\$ 96,284</u>

**BRISTOW GROUP INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

	March 31,	
	2015	2014
Identifiable assets:		
Europe.....	\$ 874,228	\$ 932,803
West Africa.....	416,939	454,161
North America.....	574,902	487,659
Australia.....	391,852	260,483
Other International.....	559,137	579,571
Corporate and other <sup>(3)</sup> .....	413,662	683,580
Total identifiable assets.....	<u>\$ 3,230,720</u>	<u>\$ 3,398,257</u>

	March 31,	
	2015	2014
Investments in unconsolidated affiliates – equity method investments:.....		
Europe.....	\$ —	\$ 1,067
North America.....	61,015	61,570
Other International.....	149,075	193,692
Total investments in unconsolidated affiliates – equity method investments.....	<u>\$ 210,090</u>	<u>\$ 256,329</u>

<sup>(1)</sup> On November 21, 2014, we sold our 50% interest in HCA. Additionally on July 14, 2013, we sold our 50% interest in the FB Entities. See Note 3 for details on the sale of HCA and the FB Entities.

<sup>(2)</sup> Includes \$232.3 million, \$494.5 million and \$140.1 million of construction in progress payments that were not allocated to business units in fiscal years 2015, 2014 and 2013, respectively.

<sup>(3)</sup> Includes \$306.0 million and \$477.9 million of construction in progress within property and equipment on our consolidated balance sheets as of March 31, 2015 and 2014, respectively, which primarily represents progress payments on aircraft to be delivered in future periods.

We attribute revenue to various countries based on the location where helicopter services are actually performed. Long-lived assets consist primarily of helicopters and fixed wing aircraft and are attributed to various countries based on the physical location of the asset at a given fiscal year-end. Entity-wide information by geographic area is as follows (in thousands):

	Fiscal Year Ended March 31,		
	2015	2014	2013
Gross revenue:			
United Kingdom.....	\$ 616,191	\$ 526,149	\$ 383,398
Nigeria.....	327,164	328,793	296,933
Norway.....	266,186	253,651	249,023
Australia.....	228,774	168,424	186,752
United States.....	222,661	225,650	237,311
Canada.....	61,713	32,895	16,447
Trinidad.....	59,073	51,770	43,763
Malaysia.....	3,677	14,316	25,284
Other countries.....	73,230	67,934	69,562
	<u>\$ 1,858,669</u>	<u>\$ 1,669,582</u>	<u>\$ 1,508,473</u>

**BRISTOW GROUP INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

	March 31,	
	2015	2014
Long-lived assets:		
United Kingdom .....	\$ 462,667	\$ 544,113
Australia .....	241,149	188,370
Nigeria .....	235,914	256,239
United States .....	235,434	128,124
Canada .....	215,245	199,861
Norway .....	197,165	155,690
Trinidad .....	109,248	64,520
Brazil .....	80,540	123,439
Tanzania .....	54,845	42,589
Malaysia .....	—	61,104
Other countries .....	18,882	26,769
Construction in progress attributable to aircraft <sup>(1)</sup> .....	306,012	477,933
	<u>\$ 2,157,101</u>	<u>\$ 2,268,751</u>

<sup>(1)</sup> These costs have been disclosed separately as the physical location where the aircraft will ultimately be operated is subject to change.

Effective April 1, 2015, we reorganized our global operations from five business units to four regions as follows: Africa, Americas, Asia Pacific and Europe Caspian.

The Africa region will comprise all our operations and affiliates on the African continent, including Nigeria, Tanzania and Egypt.

The Americas region will comprise all our operations and affiliates in North America and South America, including Brazil, Canada, Trinidad and the U.S. Gulf of Mexico.

The Asia Pacific region will comprise all our operations and affiliates in Australia and Southeast Asia, including Malaysia and Sakhalin.

The Europe Caspian region will comprise all our operations and affiliates in Europe and Central Asia, including Norway, the U.K. and Turkmenistan.

We will present our historical business unit operating results based on the new region structure beginning with our Quarterly Report for the quarter ending June 30, 2015.

During fiscal year 2015, we conducted operations in over 20 countries. Due to the nature of our principal assets, aircraft are regularly and routinely moved between operating areas (both domestic and foreign) to meet changes in market and operating conditions. During fiscal years 2015, 2014 and 2013 the aggregate activities of one major integrated oil and gas company accounted for 12%, 13% and 13%, respectively, of our consolidated gross revenue. No other client accounted for 10% or more of our consolidated gross revenue during those periods. During fiscal year 2015, our top ten clients accounted for 58.1% of consolidated gross revenue.

**BRISTOW GROUP INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

**Note 12 — QUARTERLY FINANCIAL INFORMATION (Unaudited)**

	Fiscal Quarter Ended			
	June 30 <sup>(1)(2)</sup>	September 30 <sup>(3)(4)</sup>	December 31 <sup>(5)(6)</sup>	March 31 <sup>(7)(8)</sup>
	(In thousands, except per share amounts)			
<b>Fiscal Year 2015</b>				
Gross revenue.....	\$ 472,538	\$ 475,636	\$ 460,140	\$ 450,355
Operating income <sup>(9)</sup> .....	65,192	44,064	8,916	27,702
Net income attributable to Bristow Group <sup>(9)</sup> .....	44,109	26,082	(968)	15,077
Earnings per share:				
Basic.....	\$ 1.24	\$ 0.74	\$ (0.03)	\$ 0.43
Diluted.....	\$ 1.23	\$ 0.73	\$ (0.03)	\$ 0.43
<b>Fiscal Year 2014</b>				
Gross revenue.....	\$ 398,994	\$ 417,328	\$ 412,335	\$ 440,925
Operating income <sup>(9)</sup> .....	56,119	53,935	29,502	47,421
Net income attributable to Bristow Group <sup>(9)</sup> .....	26,886	110,606	18,927	30,318
Earnings per share:				
Basic.....	\$ 0.74	\$ 3.04	\$ 0.52	\$ 0.84
Diluted.....	\$ 0.74	\$ 3.01	\$ 0.51	\$ 0.83

<sup>(1)</sup> Operating income, net income and diluted earnings per share for the fiscal quarter ended June 30, 2014 included: (a) a decrease of \$1.0 million, \$0.7 million and \$0.02, respectively, from our North America restructuring and (b) a decrease of \$3.7 million, \$2.4 million and \$0.07, respectively, for CEO succession. Net income and diluted earnings per share for the fiscal quarter ended June 30, 2014 included a decrease of \$0.7 million and \$0.02 respectively, in premiums as a result of the repurchase of a portion of the 6¼% Senior Notes (included in extinguishment of debt).

<sup>(2)</sup> Net income and diluted earnings per share for the fiscal quarter ended June 30, 2013 included a decrease of \$8.3 million and \$0.23 per share, respectively, as a result of the cancellation of a potential financing. Operating income, net income and diluted earnings per share for the fiscal quarter ended June 30, 2013 included a decrease of \$0.8 million, \$0.5 million and \$0.01, respectively, due to an impairment of inventories.

<sup>(3)</sup> Operating income, net income and diluted earnings per share for the fiscal quarter ended September 30, 2014 included: (a) a decrease of \$0.6 million, \$0.4 million and \$0.01, respectively, from North America restructuring, (b) a decrease of \$1.8 million, \$1.2 million and \$0.03, respectively, for CEO succession and (c) a decrease of \$3.4 million, \$2.7 million and \$0.08, respectively, for additional inventory allowances related to excess inventory identified for an older large aircraft model we are removing from our operational fleet. Net income and diluted earnings per share for the fiscal quarter ended September 30, 2014 included a decrease of \$0.8 million and \$0.02, respectively, in premiums as a result of the repurchase of a portion of the 6¼ Senior Notes (included in other income (expense), net).

<sup>(4)</sup> Operating income, net income and diluted earnings per share for the fiscal quarter ended September 30, 2013 included: (a) a decrease of \$1.5 million, \$1.0 million and \$0.03, respectively, due to the impairment of inventories as a result of our review of excess inventory on aircraft model types we ceased ownership of or classified all or a significant portion as held for sale and (b) a decrease of \$0.5 million, \$0.4 million and \$0.01, respectively, related to the planned closure of our Alaska operations (primarily severance and retention expense included in direct costs and general and administrative expense). Net income and diluted earnings per share for the fiscal quarter ended September 30, 2013 included an increase of \$67.9 million and \$1.85, respectively, from a gain on sale of the FB Entities.

<sup>(5)</sup> Operating income, net income and diluted earnings per share for the fiscal quarter ended December 31, 2014 included: (a) a decrease of \$3.8 million, \$3.0 million and \$0.09, respectively, for additional inventory allowances related to excess inventory identified for an older large aircraft model we are removing from our operational fleet, (b) a decrease of \$5.3 million, \$4.2 million and \$0.12, respectively, for an accounting correction related to improperly capitalizing profit on intercompany technical services billings and (c) an increase of \$0.8 million, \$0.6 million and \$0.02, respectively, for an accrued maintenance cost reversal. Net income and diluted earnings per share for the fiscal quarter ended December 31, 2014 included: (a) an increase of \$2.5 million and \$0.07, respectively, from a gain on sale of HCA and (b) a decrease of \$0.6 million and \$0.02, respectively, in premiums as a result of the repurchase of a portion of the 6¼ Senior Notes (included in other income (expense), net).

<sup>(6)</sup> Operating income, net income and diluted earnings per share for the fiscal quarter ended December 31, 2013 included: (a) a decrease of \$2.1 million, \$1.4 million and \$0.04, respectively, from North America restructuring, (b) a decrease of \$2.1 million, \$1.6 million and \$0.04, respectively, for severance costs as a result of a termination of a contract in the Southern North Sea and (c) a decrease of \$19.3 million, \$12.6 million and \$0.34, respectively, in lower earnings from Líder for additional tax charges resulting primarily from a tax amnesty payment Líder made to the Brazilian government.

## BRISTOW GROUP INC. AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

- (7) Operating income, net income and diluted earnings per share for the fiscal quarter ended March 31, 2015 included (a) a decrease of \$10.4 million, \$8.0 million and \$0.23, respectively, due to fleet changes that resulted in additional depreciation expense and (b) a decrease of \$0.9 million, \$0.6 million and \$0.02 for severance costs in West Africa.
- (8) Operating income, net income and diluted earnings per share for the fiscal quarter ended March 31, 2014 included: (a) a decrease of \$0.8 million, \$0.5 million and \$0.01 per share, respectively, from North America restructuring, (b) a decrease of \$4.8 million, \$3.1 million and \$0.09 per share, respectively, for CEO succession and officer separation costs, (c) a decrease of \$8.6 million, \$6.6 million and \$0.18 per share, respectively, for higher insurance premiums due to a fire in Nigeria, (d) a decrease of \$0.6 million, \$0.4 million and \$0.01 per share, respectively, for Mexico goodwill impairment, (e) an increase of \$4.2 million, \$2.8 million and \$0.08 per share, respectively, for higher earnings from Líder related to an adjustment to tax charges recorded during the three months ended December 31, 2013 and a tax indemnity payment resulting from a tax amnesty payment Líder made to the Brazilian government and (f) a decrease of \$10.5 million, \$8.4 million and \$0.23 per share, respectively, due to the impairment of inventories as a result of our review of excess inventory on aircraft model types we ceased ownership of or plan to dispose of over the next two fiscal years.
- (9) The fiscal quarters ended June 30, September 30 and December 31, 2014, and March 31, 2015 included \$0.6 million, \$0.1 million, \$(26.3) million and \$(10.3) million, respectively in gain (loss) on disposal of assets included in operating income which also increased (decreased) net income by \$0.5 million, \$0.1 million, \$(21.0) million and \$(8.1) million, respectively, and diluted earnings per share by \$0.01, zero, \$(0.60) and \$(0.23), respectively. The fiscal quarters ended June 30, September 30 and December 31, 2013, and March 31, 2014 included \$(1.7) million, \$(3.1) million, \$4.0 million and \$0.1 million, respectively, in gains (loss) on disposal of assets included in operating income which also increased (decreased) net income by \$(1.3) million, \$(2.4) million, \$3.1 million and \$0.1 million, respectively, and diluted earnings per share by \$(0.04), \$(0.07), \$0.09 and zero, respectively.

### Note 13 — SUPPLEMENTAL CONDENSED CONSOLIDATING FINANCIAL INFORMATION

In connection with the issuance of the 7 <sup>1</sup>/<sub>2</sub>% Senior Notes (which we tendered and redeemed during fiscal year 2013), the 6 <sup>1</sup>/<sub>4</sub>% Senior Notes and the 3% Convertible Senior Notes, the Guarantor Subsidiaries fully, unconditionally, jointly and severally guaranteed the payment obligations under these notes. The following supplemental financial information sets forth, on a consolidating basis, the balance sheet, statement of income, comprehensive income and cash flow information for Bristow Group Inc. (“Parent Company Only”), for the Guarantor Subsidiaries and for our other subsidiaries (the “Non-Guarantor Subsidiaries”). We have not presented separate financial statements and other disclosures concerning the Guarantor Subsidiaries because management has determined that such information is not material to investors.

The supplemental condensed consolidating financial information has been prepared pursuant to the rules and regulations for condensed financial information and does not include all disclosures included in annual financial statements, although we believe that the disclosures made are adequate to make the information presented not misleading. The principal eliminating entries eliminate investments in subsidiaries, intercompany balances and intercompany revenue and expense.

The allocation of the consolidated income tax provision was made using the with and without allocation method.

**BRISTOW GROUP INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

**Supplemental Condensed Consolidating Statement of Income**  
**Fiscal Year Ended March 31, 2015**

	<u>Parent Company Only</u>	<u>Guarantor Subsidiaries</u>	<u>Non- Guarantor Subsidiaries</u>	<u>Eliminations</u>	<u>Consolidated</u>
			(In thousands)		
Revenue:					
Gross revenue .....	\$ —	\$ 300,171	\$ 1,558,498	\$ —	\$ 1,858,669
Intercompany revenue .....	767	91,476	—	(92,243)	—
	<u>767</u>	<u>391,647</u>	<u>1,558,498</u>	<u>(92,243)</u>	<u>1,858,669</u>
Operating expense:					
Direct cost and reimbursable expense .....	—	212,216	1,087,341	—	1,299,557
Intercompany expenses .....	—	—	92,243	(92,243)	—
Impairment of inventories .....	—	—	7,167	—	7,167
Depreciation and amortization .....	1,834	46,098	66,361	—	114,293
General and administrative .....	76,453	39,898	137,807	—	254,158
	<u>78,287</u>	<u>298,212</u>	<u>1,390,919</u>	<u>(92,243)</u>	<u>1,675,175</u>
Gain (loss) on disposal of assets .....	—	269	(36,118)	—	(35,849)
Earnings from unconsolidated affiliates, net of losses .....	44,731	—	(1,815)	(44,687)	(1,771)
Operating income (loss) .....	<u>(32,789)</u>	<u>93,704</u>	<u>129,646</u>	<u>(44,687)</u>	<u>145,874</u>
Interest income (expense), net .....	112,336	(4,581)	(137,109)	—	(29,354)
Extinguishment of debt .....	(2,591)	—	—	—	(2,591)
Gain on sale of unconsolidated affiliate .....	—	—	3,921	—	3,921
Other income (expense), net .....	323	483	(7,183)	—	(6,377)
Income before provision for income taxes .....	77,279	89,606	(10,725)	(44,687)	111,473
Allocation of consolidated income taxes .....	7,080	(1,319)	(28,527)	—	(22,766)
Net income (loss) .....	<u>84,359</u>	<u>88,287</u>	<u>(39,252)</u>	<u>(44,687)</u>	<u>88,707</u>
Net income attributable to noncontrolling interests ...	(59)	—	(4,348)	—	(4,407)
Net income (loss) attributable to Bristow Group .....	<u>\$ 84,300</u>	<u>\$ 88,287</u>	<u>\$ (43,600)</u>	<u>\$ (44,687)</u>	<u>\$ 84,300</u>

**BRISTOW GROUP INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**  
**Supplemental Condensed Consolidating Statement of Comprehensive Income**  
**Fiscal Year Ended March 31, 2015**

	<u>Parent Company Only</u>	<u>Guarantor Subsidiaries</u>	<u>Non- Guarantor Subsidiaries</u>	<u>Eliminations</u>	<u>Consolidated</u>
	(In thousands)				
Net income (loss).....	\$ 84,359	\$ 88,287	\$ (39,252)	\$ (44,687)	\$ 88,707
Other comprehensive income (loss):					
Currency translation adjustments.....	(25,885)	—	24,852	(70,584)	(71,617)
Pension liability adjustment.....	—	—	(36,978)	—	(36,978)
Total comprehensive income (loss).....	<u>58,474</u>	<u>88,287</u>	<u>(51,378)</u>	<u>(115,271)</u>	<u>(19,888)</u>
Net income attributable to noncontrolling interests ...	(59)	—	(4,348)	—	(4,407)
Currency translation adjustments attributable to noncontrolling interests.....	—	—	(5,228)	—	(5,228)
Total comprehensive income attributable to noncontrolling interests.....	<u>(59)</u>	<u>—</u>	<u>(9,576)</u>	<u>—</u>	<u>(9,635)</u>
Total comprehensive income (loss) attributable to Bristow Group.....	<u>\$ 58,415</u>	<u>\$ 88,287</u>	<u>\$ (60,954)</u>	<u>\$ (115,271)</u>	<u>\$ (29,523)</u>



**BRISTOW GROUP INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

**Supplemental Condensed Consolidating Balance Sheet**  
**As of March 31, 2015**

	Parent Company Only	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Eliminations	Consolidated
	(In thousands)				
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents.....	\$ 126	\$ 884	\$ 103,136	\$ —	\$ 104,146
Accounts receivable .....	377,158	342,239	447,776	(908,555)	258,618
Inventories .....	—	44,285	102,884	—	147,169
Assets held for sale.....	—	54,695	3,132	—	57,827
Prepaid expenses and other current assets.....	4,850	7,035	58,206	—	70,091
Total current assets.....	<u>382,134</u>	<u>449,138</u>	<u>715,134</u>	<u>(908,555)</u>	<u>637,851</u>
Intercompany investment.....	1,410,347	111,380	—	(1,521,727)	—
Investment in unconsolidated affiliates .....	—	—	216,376	—	216,376
Intercompany notes receivable .....	1,184,335	—	—	(1,184,335)	—
Property and equipment - at cost:					
Land and buildings .....	2,830	50,946	118,183	—	171,959
Aircraft and equipment.....	108,457	1,114,218	1,271,194	—	2,493,869
	<u>111,287</u>	<u>1,165,164</u>	<u>1,389,377</u>	<u>—</u>	<u>2,665,828</u>
Less: Accumulated depreciation and amortization.....	(16,431)	(223,245)	(269,051)	—	(508,727)
	<u>94,856</u>	<u>941,919</u>	<u>1,120,326</u>	<u>—</u>	<u>2,157,101</u>
Goodwill .....	—	4,756	70,872	—	75,628
Other assets.....	43,423	988	99,353	—	143,764
Total assets.....	<u>\$ 3,115,095</u>	<u>\$ 1,508,181</u>	<u>\$ 2,222,061</u>	<u>\$(3,614,617)</u>	<u>\$ 3,230,720</u>
<b>LIABILITIES AND STOCKHOLDERS' INVESTMENT</b>					
Current liabilities:					
Accounts payable .....	\$ 203,700	\$ 369,854	\$ 289,838	\$ (779,199)	\$ 84,193
Accrued liabilities .....	31,805	37,860	206,789	(18,009)	258,445
Deferred taxes .....	(3,661)	2,503	18,862	—	17,704
Short-term borrowings and current maturities of long-term debt.....	9,088	—	9,642	—	18,730
Deferred sale leaseback advance .....	—	55,934	—	—	55,934
Total current liabilities.....	<u>240,932</u>	<u>466,151</u>	<u>525,131</u>	<u>(797,208)</u>	<u>435,006</u>
Long-term debt, less current maturities .....	812,536	—	33,156	—	845,692
Intercompany notes payable .....	100,000	131,075	1,065,918	(1,296,993)	—
Accrued pension liabilities .....	—	—	99,576	—	99,576
Other liabilities and deferred credits.....	17,144	8,379	21,711	(7,452)	39,782
Deferred taxes.....	141,771	6,346	17,538	—	165,655
Temporary equity.....	—	—	26,223	—	26,223
Stockholders' investment:					
Common stock.....	376	4,996	22,876	(27,872)	376
Additional paid-in-capital .....	781,837	9,291	284,048	(293,339)	781,837
Retained earnings .....	1,284,442	881,943	133,559	(1,015,502)	1,284,442
Accumulated other comprehensive loss.....	(80,604)	—	(13,474)	(176,251)	(270,329)
Treasury stock .....	(184,796)	—	—	—	(184,796)
Total Bristow Group stockholders' investment.....	<u>1,801,255</u>	<u>896,230</u>	<u>427,009</u>	<u>(1,512,964)</u>	<u>1,611,530</u>
Noncontrolling interests.....	1,457	—	5,799	—	7,256
Total stockholders' investment.....	<u>1,802,712</u>	<u>896,230</u>	<u>432,808</u>	<u>(1,512,964)</u>	<u>1,618,786</u>
Total liabilities and stockholders' investment.....	<u>\$ 3,115,095</u>	<u>\$ 1,508,181</u>	<u>\$ 2,222,061</u>	<u>\$(3,614,617)</u>	<u>\$ 3,230,720</u>

**BRISTOW GROUP INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

**Supplemental Condensed Consolidating Statement of Cash Flows**  
**Fiscal Year Ended March 31, 2015**

	Parent Company Only	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Eliminations	Consolidated
	(In thousands)				
Net cash provided by (used in) operating activities.....	\$ (99,130)	\$ 245,451	\$ 106,459	\$ 446	\$ 253,226
Cash flows from investing activities:					
Capital expenditures.....	(46,217)	(286,879)	(268,738)	—	(601,834)
Acquisitions, net of cash received .....	—	—	(20,303)	—	(20,303)
Proceeds from sale of unconsolidated affiliate .....	—	—	4,185	—	4,185
Proceeds from asset dispositions .....	—	211,423	203,436	—	414,859
Net cash used in investing activities.....	(46,217)	(75,456)	(81,420)	—	(203,093)
Cash flows from financing activities:					
Proceeds from borrowings .....	453,000	—	1,393	—	454,393
Payment of contingent consideration.....	—	—	—	—	—
Debt issuance costs .....	—	—	—	—	—
Repayment of debt and debt redemption premiums.....	(448,799)	—	(11,475)	—	(460,274)
Proceeds from assignment of aircraft purchase agreements .....	—	—	—	—	—
Partial prepayment of put/call obligation.....	(59)	—	—	—	(59)
Acquisition of noncontrolling interest .....	—	—	(3,170)	—	(3,170)
Repurchase of Common Stock.....	(80,831)	—	—	—	(80,831)
Dividends paid .....	(45,078)	—	—	—	(45,078)
Increases (decreases) in cash related to intercompany advances and debt.....	255,878	(169,111)	(86,767)	—	—
Issuance of Common Stock .....	5,172	—	—	—	5,172
Tax benefit related to stock-based compensation ....	1,550	—	—	—	1,550
Net cash provided by (used in) financing activities.....	140,833	(169,111)	(100,019)	—	(128,297)
Effect of exchange rate changes on cash and cash equivalents .....	—	—	(22,031)	—	(22,031)
Net increase (decrease) in cash and cash equivalents...	(4,514)	884	(97,011)	446	(100,195)
Cash and cash equivalents at beginning of period.....	4,640	—	200,147	(446)	204,341
Cash and cash equivalents at end of period.....	<u>\$ 126</u>	<u>\$ 884</u>	<u>\$ 103,136</u>	<u>\$ —</u>	<u>\$ 104,146</u>

**BRISTOW GROUP INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

**Supplemental Condensed Consolidating Statement of Income**  
**Fiscal Year Ended March 31, 2014**

	<u>Parent Company Only</u>	<u>Guarantor Subsidiaries</u>	<u>Non- Guarantor Subsidiaries</u>	<u>Eliminations</u>	<u>Consolidated</u>
			(In thousands)		
Revenue:					
Gross revenue .....	\$ —	\$ 303,878	\$ 1,365,704	\$ —	\$ 1,669,582
Intercompany revenue .....	14,754	78,576	—	(93,330)	—
	<u>14,754</u>	<u>382,454</u>	<u>1,365,704</u>	<u>(93,330)</u>	<u>1,669,582</u>
Operating expense:					
Direct cost and reimbursable expense .....	—	219,873	966,259	—	1,186,132
Intercompany expenses .....	—	—	93,330	(93,330)	—
Impairment of inventories .....	—	6,988	5,681	—	12,669
Depreciation and amortization .....	2,835	43,052	50,090	—	95,977
General and administrative .....	64,891	33,925	100,998	—	199,814
	<u>67,726</u>	<u>303,838</u>	<u>1,216,358</u>	<u>(93,330)</u>	<u>1,494,592</u>
Gain (loss) on disposal of assets .....	(45)	4,312	(4,989)	—	(722)
Earnings from unconsolidated affiliates, net of losses .....	189,209	—	12,666	(189,166)	12,709
Operating income .....	<u>136,192</u>	<u>82,928</u>	<u>157,023</u>	<u>(189,166)</u>	<u>186,977</u>
Interest income (expense), net .....	79,972	(4,785)	(118,405)	—	(43,218)
Gain on sale of consolidated affiliate .....	—	—	103,924	—	103,924
Other income (expense), net .....	<u>(174)</u>	<u>(342)</u>	<u>(2,176)</u>	<u>—</u>	<u>(2,692)</u>
Income before provision for income taxes .....	215,990	77,801	140,366	(189,166)	244,991
Allocation of consolidated income taxes .....	<u>(29,193)</u>	<u>(6,292)</u>	<u>(21,727)</u>	<u>—</u>	<u>(57,212)</u>
Net income .....	186,797	71,509	118,639	(189,166)	187,779
Net income attributable to noncontrolling interests ..	(60)	—	(982)	—	(1,042)
Net income attributable to Bristow Group .....	<u>\$ 186,737</u>	<u>\$ 71,509</u>	<u>\$ 117,657</u>	<u>\$ (189,166)</u>	<u>\$ 186,737</u>

**BRISTOW GROUP INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**  
**Supplemental Condensed Consolidating Statement of Comprehensive Income**  
**Fiscal Year Ended March 31, 2014**

	<u>Parent Company Only</u>	<u>Guarantor Subsidiaries</u>	<u>Non- Guarantor Subsidiaries</u>	<u>Eliminations</u>	<u>Consolidated</u>
	(In thousands)				
Net income.....	\$ 186,797	\$ 71,509	\$ 118,639	\$ (189,166)	\$ 187,779
Other comprehensive income (loss):					
Currency translation adjustments.....	8,173	—	(40,402)	50,958	18,729
Pension liability adjustment.....	—	—	23,367	—	23,367
Total comprehensive income.....	<u>194,970</u>	<u>71,509</u>	<u>101,604</u>	<u>(138,208)</u>	<u>229,875</u>
Net income attributable to noncontrolling interests ...	(60)	—	(982)	—	(1,042)
Currency translation adjustment attributable to noncontrolling interest.....	—	—	1,081	—	1,081
Total comprehensive (income) loss attributable to noncontrolling interests.....	<u>(60)</u>	<u>—</u>	<u>99</u>	<u>—</u>	<u>39</u>
Total comprehensive income attributable to Bristow Group .....	<u>\$ 194,910</u>	<u>\$ 71,509</u>	<u>\$ 101,703</u>	<u>\$ (138,208)</u>	<u>\$ 229,914</u>

**BRISTOW GROUP INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

**Supplemental Condensed Consolidating Balance Sheet**  
**As of March 31, 2014**

	Parent Company Only	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Eliminations	Consolidated
	(In thousands)				
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents.....	\$ 4,640	\$ —	\$ 200,147	\$ (446)	\$ 204,341
Accounts receivable .....	32,280	104,155	310,288	(149,280)	297,443
Inventories .....	—	40,864	96,599	—	137,463
Assets held for sale.....	—	8,505	20,771	—	29,276
Prepaid expenses and other current assets.....	3,882	3,258	45,944	—	53,084
Total current assets.....	<u>40,802</u>	<u>156,782</u>	<u>673,749</u>	<u>(149,726)</u>	<u>721,607</u>
Intercompany investment.....	1,273,337	111,435	—	(1,384,772)	—
Investment in unconsolidated affiliates .....	—	—	262,615	—	262,615
Intercompany notes receivable .....	1,286,354	—	—	(1,286,354)	—
Property and equipment - at cost: .....					
Land and buildings .....	977	49,499	95,497	—	145,973
Aircraft and equipment.....	64,094	1,357,126	1,224,930	—	2,646,150
	<u>65,071</u>	<u>1,406,625</u>	<u>1,320,427</u>	<u>—</u>	<u>2,792,123</u>
Less: Accumulated depreciation and amortization.....	(13,057)	(211,385)	(298,930)	—	(523,372)
	<u>52,014</u>	<u>1,195,240</u>	<u>1,021,497</u>	<u>—</u>	<u>2,268,751</u>
Goodwill .....	—	4,755	51,925	—	56,680
Other assets.....	204,679	1,462	50,392	(167,929)	88,604
Total assets.....	<u>\$ 2,857,186</u>	<u>\$ 1,469,674</u>	<u>\$ 2,060,178</u>	<u>\$(2,988,781)</u>	<u>\$ 3,398,257</u>
<b>LIABILITIES AND STOCKHOLDERS' INVESTMENT</b>					
Current liabilities:					
Accounts payable .....	\$ 8,298	\$ 67,728	\$ 157,297	\$ (143,505)	\$ 89,818
Accrued liabilities .....	36,442	32,084	141,423	(5,451)	204,498
Deferred taxes .....	(7,640)	(1,342)	21,354	—	12,372
Short-term borrowings and current maturities of long-term debt.....	4,543	—	9,664	—	14,207
Deferred sale leaseback advance.....	—	136,930	—	—	136,930
Total current liabilities.....	<u>41,643</u>	<u>235,400</u>	<u>329,738</u>	<u>(148,956)</u>	<u>457,825</u>
Long-term debt, less current maturities .....	805,965	—	21,130	—	827,095
Intercompany notes payable .....	—	378,983	1,076,292	(1,455,275)	—
Accrued pension liabilities .....	—	—	86,823	—	86,823
Other liabilities and deferred credits.....	13,750	37,876	26,500	—	78,126
Deferred taxes.....	144,461	9,472	15,586	—	169,519
Temporary equity.....	—	—	22,283	—	22,283
Stockholders' investment:.....					
Common stock.....	373	4,996	22,876	(27,872)	373
Additional paid-in-capital .....	762,813	9,291	270,905	(280,196)	762,813
Retained earnings .....	1,245,220	793,656	177,159	(970,815)	1,245,220
Accumulated other comprehensive income (loss) .....	(54,719)	—	3,880	(105,667)	(156,506)
Treasury shares.....	(103,965)	—	—	—	(103,965)
Total Bristow Group stockholders' investment.....	<u>1,849,722</u>	<u>807,943</u>	<u>474,820</u>	<u>(1,384,550)</u>	<u>1,747,935</u>
Noncontrolling interests.....	1,645	—	7,006	—	8,651
Total stockholders' investment.....	<u>1,851,367</u>	<u>807,943</u>	<u>481,826</u>	<u>(1,384,550)</u>	<u>1,756,586</u>
Total liabilities and stockholders' investment.....	<u>\$ 2,857,186</u>	<u>\$ 1,469,674</u>	<u>\$ 2,060,178</u>	<u>\$(2,988,781)</u>	<u>\$ 3,398,257</u>

**BRISTOW GROUP INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

**Supplemental Condensed Consolidating Statement of Cash Flows**  
**Fiscal Year Ended March 31, 2014**

	<u>Parent Company Only</u>	<u>Guarantor Subsidiaries</u>	<u>Non- Guarantor Subsidiaries</u>	<u>Eliminations</u>	<u>Consolidated</u>
	(In thousands)				
Net cash provided by (used in) operating activities.....	\$ (48,173)	\$ 107,059	\$ 173,654	\$ (446)	\$ 232,094
Cash flows from investing activities:					
Capital expenditures.....	(33,197)	(482,786)	(246,868)	134,238	(628,613)
Acquisitions, net of cash received.....	—	—	(39,850)	—	(39,850)
Proceeds from sale of unconsolidated affiliate.....	—	—	112,210	—	112,210
Proceeds from asset dispositions.....	—	284,042	140,147	(134,238)	289,951
Net cash used in investing activities.....	<u>(33,197)</u>	<u>(198,744)</u>	<u>(34,361)</u>	<u>—</u>	<u>(266,302)</u>
Cash flows from financing activities:					
Proceeds from borrowings.....	528,600	—	4,464	—	533,064
Payment of contingent consideration.....	—	—	(6,000)	—	(6,000)
Debt issuance costs.....	(15,523)	—	—	—	(15,523)
Repayment of debt and debt redemption premiums...	(508,060)	—	(4,432)	—	(512,492)
Proceeds from assignment of aircraft purchase.....	—	106,113	—	—	106,113
Partial prepayment of put/call obligation.....	(57)	—	—	—	(57)
Acquisition of noncontrolling interest.....	—	—	(2,078)	—	(2,078)
Repurchase of Common Stock.....	(77,661)	—	—	—	(77,661)
Dividends paid.....	(33,254)	34	(3,100)	—	(36,320)
Increases (decreases) in cash related to intercompany advances and debt.....	138,991	(19,832)	(119,159)	—	—
Issuance of Common Stock.....	15,398	—	—	—	15,398
Tax benefit related to exercise of stock options.....	5,723	—	—	—	5,723
Net cash provided by (used in) financing activities.....	<u>54,157</u>	<u>86,315</u>	<u>(130,305)</u>	<u>—</u>	<u>10,167</u>
Effect of exchange rate changes on cash and cash equivalents.....	—	—	12,759	—	12,759
Net increase (decrease) in cash and cash equivalents...	<u>(27,213)</u>	<u>(5,370)</u>	<u>21,747</u>	<u>(446)</u>	<u>(11,282)</u>
Cash and cash equivalents at beginning of period.....	31,853	5,370	178,400	—	215,623
Cash and cash equivalents at end of period.....	<u>\$ 4,640</u>	<u>\$ —</u>	<u>\$ 200,147</u>	<u>\$ (446)</u>	<u>\$ 204,341</u>

**BRISTOW GROUP INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

**Supplemental Condensed Consolidating Statement of Income**  
**Fiscal Year Ended March 31, 2013**

	<u>Parent Company Only</u>	<u>Guarantor Subsidiaries</u>	<u>Non- Guarantor Subsidiaries</u>	<u>Eliminations</u>	<u>Consolidated</u>
	(In thousands)				
Revenue: .....					
Gross revenue .....	\$ —	\$ 300,731	\$ 1,207,742	\$ —	\$ 1,508,473
Intercompany revenue .....	12,537	66,625	—	(79,162)	—
	<u>12,537</u>	<u>367,356</u>	<u>1,207,742</u>	<u>(79,162)</u>	<u>1,508,473</u>
Operating expense: .....					
Direct cost and reimbursable expense .....	—	208,995	848,799	—	1,057,794
Intercompany expenses .....	—	—	79,162	(79,162)	—
Depreciation and amortization .....	4,588	38,851	52,845	—	96,284
General and administrative .....	52,968	29,252	81,169	—	163,389
	<u>57,556</u>	<u>277,098</u>	<u>1,061,975</u>	<u>(79,162)</u>	<u>1,317,467</u>
Gain on disposal of assets .....	—	2,474	5,594	—	8,068
Earnings from unconsolidated affiliates, net of losses .....	123,586	—	25,070	(123,586)	25,070
Operating income .....	<u>78,567</u>	<u>92,732</u>	<u>176,431</u>	<u>(123,586)</u>	<u>224,144</u>
Interest income (expense), net .....	70,432	17	(112,107)	—	(41,658)
Extinguishment of debt .....	(14,932)	—	—	—	(14,932)
Other income (expense), net .....	94	103	(1,074)	—	(877)
	<u>70,432</u>	<u>17</u>	<u>(112,107)</u>	<u>—</u>	<u>(41,658)</u>
Income before provision for income taxes .....	134,161	92,852	63,250	(123,586)	166,677
Allocation of consolidated income taxes .....	(3,996)	(6,070)	(24,936)	—	(35,002)
Net income .....	<u>130,165</u>	<u>86,782</u>	<u>38,314</u>	<u>(123,586)</u>	<u>131,675</u>
Net income attributable to noncontrolling interests .....	(63)	—	(1,510)	—	(1,573)
Net income attributable to Bristow Group .....	<u>\$ 130,102</u>	<u>\$ 86,782</u>	<u>\$ 36,804</u>	<u>\$ (123,586)</u>	<u>\$ 130,102</u>

**BRISTOW GROUP INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**  
**Supplemental Condensed Consolidating Statement of Comprehensive Income**  
**Fiscal Year Ended March 31, 2013**

	<u>Parent Company Only</u>	<u>Guarantor Subsidiaries</u>	<u>Non- Guarantor Subsidiaries</u>	<u>Eliminations</u>	<u>Consolidated</u>
	(In thousands)				
Net income.....	\$ 130,165	\$ 86,782	\$ 38,314	\$ (123,586)	\$ 131,675
Other comprehensive income (loss):					
Currency translation adjustments.....	(1,186)	—	(6,383)	(4,413)	(11,982)
Pension liability adjustment.....	—	—	(28,462)	—	(28,462)
Total comprehensive income.....	<u>128,979</u>	<u>86,782</u>	<u>3,469</u>	<u>(127,999)</u>	<u>91,231</u>
Net income attributable to noncontrolling interests...	<u>(63)</u>	<u>—</u>	<u>(1,510)</u>	<u>—</u>	<u>(1,573)</u>
Total comprehensive income attributable to noncontrolling interests.....	<u>(63)</u>	<u>—</u>	<u>(1,510)</u>	<u>—</u>	<u>(1,573)</u>
Total comprehensive income attributable to Bristow Group.....	<u>\$ 128,916</u>	<u>\$ 86,782</u>	<u>\$ 1,959</u>	<u>\$ (127,999)</u>	<u>\$ 89,658</u>



**BRISTOW GROUP INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

**Supplemental Condensed Consolidating Statement of Cash Flows**  
**Fiscal Year Ended March 31, 2013**

	<u>Parent Company Only</u>	<u>Guarantor Subsidiaries</u>	<u>Non- Guarantor Subsidiaries</u>	<u>Eliminations</u>	<u>Consolidated</u>
			(In thousands)		
Net cash provided by (used in) operating activities.....	\$ (45,184)	\$ 156,371	\$ 155,577	\$ —	\$ 266,764
Cash flows from investing activities:					
Capital expenditures.....	(17,532)	(503,120)	(202,633)	151,860	(571,425)
Proceeds from asset dispositions .....	—	185,876	280,831	(151,860)	314,847
Investment in unconsolidated affiliates .....	—	—	(51,179)	—	(51,179)
Net cash provided by (used in) investing activities .....	<u>(17,532)</u>	<u>(317,244)</u>	<u>27,019</u>	<u>—</u>	<u>(307,757)</u>
Cash flows from financing activities:					
Proceeds from borrowings .....	675,000	—	449	—	675,449
Debt issuance costs .....	(10,344)	—	—	—	(10,344)
Repayment of debt and debt redemption premiums .....	(663,921)	—	—	—	(663,921)
Partial prepayment of put/call obligation.....	(63)	—	—	—	(63)
Repurchase of Common Stock.....	(1,219)	—	—	—	(1,219)
Dividends paid .....	(11,242)	(12,955)	(4,537)	—	(28,734)
Increases (decreases) in cash related to intercompany advances and debt.....	13,960	176,043	(190,003)	—	—
Issuance of Common Stock .....	15,289	—	—	—	15,289
Tax benefit related to stock-based compensation ....	500	—	—	—	500
Net cash provided by (used in) financing activities.....	<u>17,960</u>	<u>163,088</u>	<u>(194,091)</u>	<u>—</u>	<u>(13,043)</u>
Effect of exchange rate changes on cash and cash equivalents .....	—	—	8,109	—	8,109
Net increase (decrease) in cash and cash equivalents...	<u>(44,756)</u>	<u>2,215</u>	<u>(3,386)</u>	<u>—</u>	<u>(45,927)</u>
Cash and cash equivalents at beginning of period.....	<u>76,609</u>	<u>3,155</u>	<u>181,786</u>	<u>—</u>	<u>261,550</u>
Cash and cash equivalents at end of period .....	<u>\$ 31,853</u>	<u>\$ 5,370</u>	<u>\$ 178,400</u>	<u>\$ —</u>	<u>\$ 215,623</u>

## **Item 9. Changes In and Disagreements with Accountants on Accounting and Financial Disclosure**

None.

### **Item 9A. Controls and Procedures**

#### **EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES**

We carried out an evaluation under the supervision of and with the participation of our management, including Jonathan E. Baliff, our Chief Executive Officer (“CEO”), and John H. Briscoe, our Chief Financial Officer (“CFO”), of the effectiveness of the Company’s disclosure controls and procedures (as defined in Rule 13a-15(e) of the Exchange Act) as of March 31, 2015. Based on that evaluation, our CEO and CFO concluded that such disclosure controls and procedures were effective to ensure that information required to be disclosed in our periodic reports filed under the Exchange Act is recorded, processed, summarized and reported within the time periods specified by the SEC’s rules and forms and such information is accumulated and communicated to our management as appropriate to allow for timely decisions regarding required disclosure under the Exchange Act.

#### **MANAGEMENT’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING**

Our management is responsible for establishing and maintaining adequate internal control over our financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). The Company’s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or because the degree of compliance with policies or procedures may deteriorate.

Under the supervision and with the participation of our management, including our CEO and CFO, we conducted an assessment of the effectiveness of our internal control over financial reporting as of March 31, 2015. The assessment was based on criteria established in the framework Internal Control – Integrated Framework, issued by the Committee of Sponsoring Organizations of the Treadway Commission in 1992. Based on this assessment, management concluded that our internal control over financial reporting was effective as of March 31, 2015.

The effectiveness of the Company’s internal control over financial reporting as of March 31, 2015 has been audited by KPMG LLP, an independent registered public accounting firm, as stated in its report included herein.

The scope of management’s assessment of the effectiveness of internal control over financial reporting includes all of the Company’s consolidated operations except for the operations of Airnorth. As described elsewhere in this Annual Report on Form 10-K, we acquired Airnorth on January 29, 2015. We are in the process of integrating the acquired business. The process of integrating Airnorth into our evaluation of internal control over financial reporting may result in future changes to our internal controls. Airnorth’s operations represent 0.6% of the Company’s consolidated revenue for the fiscal year ended March 31, 2015 and assets associated with Airnorth’s operations represent 2.5% of the Company’s consolidated total assets as of March 31, 2015.

#### **MATERIAL CHANGES IN INTERNAL CONTROL**

There have been no changes in our internal control over financial reporting during the quarter ended March 31, 2015 that have materially affected or are reasonably likely to materially affect our internal control over financial reporting.

## Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders  
Bristow Group Inc.:

We have audited Bristow Group Inc.'s internal control over financial reporting as of March 31, 2015, based on criteria established in *Internal Control — Integrated Framework* (1992) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Bristow Group Inc.'s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Bristow Group Inc. maintained, in all material respects, effective internal control over financial reporting as of March 31, 2015, based on criteria established in *Internal Control — Integrated Framework* (1992) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

The scope of management's assessment of the effectiveness of internal control over financial reporting includes all of the Company's consolidated operations except for the operations of Capiteq Limited, operating under the name of Airnorth, which the Company acquired on January 29, 2015. Airnorth's operations represent 0.6% of the Company's consolidated revenue for the fiscal year ended March 31, 2015 and assets associated with Airnorth's operations represent 2.5% of the Company's consolidated total assets as of March 31, 2015. Our audit of internal control over financial reporting of Bristow Group Inc. and subsidiaries also excluded an evaluation of the internal control over financial reporting of Airnorth's operations.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Bristow Group Inc. and subsidiaries as of March 31, 2015 and 2014, and the related consolidated statements of income, comprehensive income, cash flows, and stockholders' investment for each of the years in the three-year period ended March 31, 2015, and our report dated May 20, 2015 expressed an unqualified opinion on those consolidated financial statements.

/s/ KPMG LLP

Houston, Texas

May 20, 2015

**Item 9B. Other Information**

None.

**PART III****Item 10. Directors, Executive Officers and Corporate Governance**

The information called for by this item will be contained in our definitive proxy statement to be distributed in connection with our fiscal year 2015 annual meeting of stockholders under the captions “Corporate Governance,” “Committees of the Board of Directors,” and “Executive Officers of the Registrant” and is incorporated into this document by reference.

**Code of Ethics**

We have adopted a code of business conduct and ethics applicable to our directors, officers (including our principal executive officer, principal financial officer and principal accounting officer) and employees, known as the Code of Business Integrity. The Code of Business Integrity is available on our website at <http://www.bristowgroup.com> under “About Us” and “Vision, Mission, Values” caption. In the event that we amend or waive any of the provisions of the Code of Business Integrity with respect to our senior officers, we intend to disclose the amendment or waiver on our website or, alternatively, through the filing of a Form 8-K.

**Item 11. Executive Compensation**

The information called for by this item will be contained in our definitive proxy statement to be distributed in connection with our fiscal year 2015 annual meeting of stockholders under the caption “Director and Executive Officer Compensation” and, except as specified in the following sentence, is incorporated into this document by reference. Information in our fiscal year 2015 proxy statement not deemed to be “soliciting material” or “filed” with the SEC under its rules, including the Report of the Compensation Committee on Executive Compensation and the Report of the Audit Committee is not and shall not be deemed to be incorporated by reference into this report.

**Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters**

The information called for by this item will be contained in our definitive proxy statement to be distributed in connection with our fiscal year 2015 annual meeting of stockholders under the caption “Security Ownership of Certain Beneficial Owners and Management” and is incorporated into this document by reference.

**Item 13. Certain Relationships and Related Transactions, and Director Independence**

The information required by Item 13 appears in Items 11 and 12 of this report.

**Item 14. Principal Accounting Fees and Services**

The information called for by this item will be contained in our definitive proxy statement to be distributed in connection with our fiscal year 2015 annual meeting of stockholders under the caption “Approval and Ratification of the Company’s Independent Auditors” and is incorporated into this document by reference.

## PART IV

### Item 15. Exhibits, Financial Statement Schedules

#### (a) (1) Financial Statements —

Report of Independent Registered Public Accounting Firm	72
Consolidated Statements of Income for fiscal years 2015, 2014 and 2013	73
Consolidated Statements of Comprehensive Income for fiscal years 2015, 2014 and 2013	74
Consolidated Balance Sheets as of March 31, 2015 and 2014	75
Consolidated Statements of Cash Flows for fiscal years 2015, 2014 and 2013	76
Consolidated Statements of Stockholders' Investment for fiscal years 2015, 2014 and 2013	77
Notes to Consolidated Financial Statements	78

#### (a) (2) Financial Statement Schedules

All schedules have been omitted because the information required is included in the financial statements or notes or have been omitted because they are not applicable or not required.

#### (a) (3) Exhibits

Exhibits	Incorporated by Reference to			Exhibit Number
	Registration or File Number	Form or Report	Date	
(2) Share and Asset Purchase Agreement, dated as of August 31, 2012, by and among the Bristow Group Inc., Kenlor Investments Ltd., VIH Aviation Group, Ltd., VIH Helicopters USA, Inc., CGSCH Enterprises Ltd., Cougar Aviation Ltd., Cougar Helicopters Inc., BHNA Holdings Inc., Bristow Canada Holdings Inc., Bristow Canadian Real Estate Company Inc., and Kenneth Norie.	001-31617	8-K	October 4, 2012	2.1
(3) Articles of Incorporation and By-law.				
(1) Restated Certificate of Incorporation of the Bristow Group Inc. dated August 2, 2007.	001-31617	10-Q	August 2, 2007	3.1
(2) Amended and Restated By-laws of Bristow Group Inc.	001-31617	8-K	March 10, 2014	3.1
(4) Instruments defining the rights of security holders, including indentures.				
(1) Registration Rights Agreement dated December 19, 1996, between the Company and Caledonia Industrial & Services Limited.	0-5232	10-Q	February 14, 1997	4(3)
(2) Indenture, dated as of June 17, 2008, among Bristow Group Inc., the Subsidiary Guarantors named therein, and U.S. Bank National Association, as Trustee (the "Base Indenture").	001-31617	8-K	June 17, 2008	4.1
(3) First Supplemental Indenture to the 2008 Base Indenture.	001-31617	8-K	June 17, 2008	4.2
(4) Second Supplemental Indenture to the 2008 Base Indenture.	001-31617	8-K	October 4, 2012	10.4
(5) Third Supplemental Indenture to the 2008 Base Indenture.	001-31617	8-K	October 12, 2012	10.6
(10) (1) Offshore Logistics, Inc. 1994 Long-Term Management Incentive Plan, as amended.*	333-100017	S-8	September 23, 2002	4.12
(2) Offshore Logistics, Inc. Deferred Compensation Plan. *	001-31617	10-K	June 8, 2004	10(18)
(3) Offshore Logistics, Inc. 2003 Nonqualified Stock Option Plan for Non-employee Directors. *	333-115473	S-8	May 13, 2004	4(12)

Exhibits	Incorporated by Reference to			Exhibit Number
	Registration or File Number	Form or Report	Date	
(4) Offshore Logistics, Inc. 2004 Stock Incentive Plan.*	001-31617	10-Q	November 4, 2004	10(1)
(5) Form of Stock Option Agreement. *	001-31617	8-K/A	February 3, 2006	10(2)
(6) Form of Aircraft Lease agreement between CFS Air, LLC and Air Logistics, L.L.C. (a Schedule I has been filed as part of this exhibit setting forth certain terms omitted from the Form of Aircraft Lease Agreement).	001-31617	10-Q	February 9, 2006	10(2)
(7) Form of Stock Option Agreement under 2003 Nonqualified Stock Option Plan for Non-employee Directors.*	001-31617	8-K	August 7, 2006	10(3)
(8) S-92 New Helicopter Sales Agreement dated as of May 19, 2006 between Bristow Group Inc. and Sikorsky Aircraft Corporation. +	001-31617	8-K	August 8, 2006	10(1)
(9) Bristow Group Inc. Form of Severance Benefit Agreement.*	001-31617	8-K	February 22, 2007	10(1)
(10) Form of Employee Performance Restricted Stock Unit Award Letter under the Bristow Group Inc. 2004 Stock Incentive Plan. *	001-31617	8-K	May 24, 2007	10.1
(11) Form of Employee Nonqualified Stock Option Award Letter under the Bristow Group Inc. 2004 Stock Incentive Plan. *	001-31617	8-K	May 24, 2007	10.2
(12) Form of Employee Performance Restricted Stock Unit Award Letter under the Bristow Group Inc. 2007 Long Term Incentive Plan. *	001-31617	8-K	May 24, 2007	10.3
(13) Form of Employee Nonqualified Stock Option Award Letter under the Bristow Group Inc. 2007 Long Term Incentive Plan. *	001-31617	8-K	May 24, 2007	10.4
(14) Bristow Group Inc. 2007 Long Term Incentive Plan (incorporated by reference to Appendix A of the Company's Proxy Statement on Form DEF14A filed with the SEC on June 21, 2013). *	001-31617	DEF 14A	June 21, 2013	A
(15) Form of Employee Non-Qualified Stock Option Award Letter under the Bristow Group Inc. 2007 Long Term Incentive Plan. *	001-31617	8-K	June 6, 2008	10.1
(16) Form of Employee Restricted Stock Award Letter under the Bristow Group Inc. 2007 Long Term Incentive Plan. *	001-31617	8-K	June 6, 2008	10.2
(17) Form of Employee Performance Cash Award Letter under the Bristow Group Inc. 2007 Long Term Incentive Plan. *	001-31617	8-K	June 6, 2008	10.3
(18) Common Stock Purchase Agreement.	001-31617	8-K	June 17, 2008	10.1
(19) Form of Outside Director Restricted Stock Unit Award Letter under the Bristow Group Inc. 2007 Long Term Incentive Plan. *	001-31617	8-K	August 8, 2008	10.1
(20) Amendment to Form of Aircraft Lease agreement between CFS Air, LLC and Air Logistics, L.L.C.	001-31617	10-Q	November 5, 2008	10.2
(21) Form of Stock Option Award Letter. *	001-31617	8-K	June 10, 2009	10.1
(22) Form of Restricted Stock Award Letter. *	001-31617	8-K	June 10, 2009	10.2
(23) Form of Performance Cash Award Letter. *	001-31617	8-K	June 10, 2009	10.3
(24) Líder Aviação Holding S.A. Shareholders Agreement dated May 26, 2009. +	001-31617	10-Q	August 6, 2009	10.1
(25) Amendment No. 1 to 2007 Bristow Group Inc. 2007 Long Term Incentive Plan. *	001-31617	10-K	May 21, 2010	10(69)

Exhibits	Incorporated by Reference to			Exhibit Number
	Registration or File Number	Form or Report	Date	
(26) Form of 2010 Stock Option Award Letter. *	001-31617	8-K	June 15, 2010	10.1
(27) Form of 2010 Restricted Stock Award Letter. *	001-31617	8-K	June 15, 2010	10.2
(28) Form of 2010 Restricted Stock (Retention) Award Letter. *	001-31617	8-K	June 15, 2010	10.3
(29) Form of 2010 Performance Cash Award Letter. *	001-31617	8-K	June 15, 2010	10.4
(30) Employment Agreement with Jonathan E. Baliff dated September 12, 2010. *	001-31617	8-K	September 12, 2010	10.1
(41) Indemnity Agreement with Stephen King.	001-31617	8-K	February 7, 2011	10.1
(32) Severance Benefits Agreement with Hilary S. Ware dated November 4, 2010. *	001-31617	8-K	May 20, 2011	10(77)
(33) Form of 2011 Stock Option Award Letter. *	001-31617	8-K	June 14, 2011	10.1
(34) Form of 2011 Restricted Stock Award Letter. *	001-31617	8-K	June 14, 2011	10.2
(35) Form of 2011 Performance Cash Award Letter. *	001-31617	8-K	June 14, 2011	10.3
(36) Bristow Group Inc. Fiscal Year 2012 Annual Incentive Compensation Plan. *	001-31617	8-K	June 14, 2011	10.4
(37) Form of Outside Director Restricted Cash Award Letter. *	001-31617	8-K	August 5, 2011	10.1
(38) Indemnity Agreement with Mathew Masters	001-31617	8-K	November 1, 2011	10.1
(39) Amended and Restated Revolving Credit and Term Loan Agreement, dated November 22, 2010	001-31617	10-Q	February 2, 2011	10.2
(40) First Amendment to Amended and Restated Revolving Credit and Term Loan Agreement, dated as of December 22, 2011.	001-31617	8-K	December 28, 2011	10.1
(41) Second Amendment to Amended and Restated Revolving Credit and Term Loan Agreement, dated as of October 1, 2012.	001-31617	8-K	October 4, 2012	10.2
(42) Third Amendment to Amended and Restated Revolving Credit and Term Loan Agreement, dated as of April 29, 2013.	001-31617	8-K	April 29, 2014	10.1
(43) Fourth Amendment to Amended and Restated Revolving Credit and Term Loan Agreement, dated as of March 14, 2014.	001-31617	8-K	March 14, 2014	10.1
(44) Fifth Amendment to Amended and Restated Revolving Credit and Term Loan Agreement, dated April 17, 2015.	001-31617	8-K	April 20, 2015	10.1
(45) Amended and Restated Severance Benefits Agreement between Bristow Group Inc. and Jeremy Akel, dated April 10, 2012. *	001-31617	8-K	April 10, 2012	10.1
(46) Indemnity Agreement with Lori Gobillot.	001-31617	8-K	May 1, 2012	10.1
(47) Form of 2012 Stock Option Award Letter. *	001-31617	8-K	May 25, 2012	10.1
(48) Form of 2012 Restricted Stock Award Letter. *	001-31617	8-K	May 25, 2012	10.2
(49) Form of 2012 Performance Cash Award Letter. *	001-31617	8-K	May 25, 2012	10.3
(50) Bristow Group Inc. Fiscal Year 2013 Annual Incentive Compensation Plan. *	001-31617	8-K	May 25, 2012	10.4
(51) Term Loan and Credit Agreement dated as of October 1, 2012.	001-31617	8-K	October 4, 2012	10.1

Exhibits	Incorporated by Reference to			Exhibit Number
	Registration or File Number	Form or Report	Date	
(52) Form of Unanimous Shareholder Agreement, by and among Bristow Group Inc., Kenneth Norie, Cougar Helicopters Inc., and the other parties signatory thereto.	001-31617	8-K	October 4, 2012	10.7
(53) S-92 New Helicopter Sales Agreement dated as of November 7, 2012, between Bristow Group Inc. and Sikorsky Aircraft Corporation. +	001-31617	10-Q/A	April 8, 2013	10.1
(54) U.K. Search & Rescue Helicopter Service Contract dated as of March 26, 2013, between Bristow Helicopters and U.K. Department for Transport. +	001-31617	10-K/A	November 7, 2013	10.69
(55) Form of 2013 Stock Option Award Letter. *	001-31617	8-K	June 10, 2013	10.1
(56) Form of 2013 Restricted Stock Award Letter. *	001-31617	8-K	June 10, 2013	10.2
(57) Form of 2013 Performance Cash Award Letter. *	001-31617	8-K	June 10, 2013	10.3
(58) Bristow Group Inc. Fiscal Year 2014 Annual Incentive Compensation Plan. *	001-31617	8-K	June 10, 2013	10.4
(59) Letter regarding treatment of unvested long-term incentive plan awards.	001-31617	10-Q	November 7, 2013	10.1
(60) Retirement and Consulting Agreement, between Bristow Group Inc. and William E. Chiles, dated January 30, 2014.	001-31617	8-K	February 3, 2014	10.1
(61) Form of 2014 Restricted Stock Unit Retention Award Letter. *	001-31617	8-K	February 3, 2014	10.2
(62) Separation Agreement and Release, between Bristow Group Inc. and Mark B. Duncan, dated March 31, 2014.	001-31617	8-K	March 31, 2014	10.1
(63) John Briscoe Compensation Package. *	001-31617	8-K	June 4, 2014	10.1
(64) Summary of Terms and Conditions of Nonqualified Stock Options Award. *	001-31617	8-K	June 10, 2014	10.2
(65) Summary of Terms and Conditions of Officer Restricted Stock Unit Award. *	001-31617	8-K	June 10, 2014	10.3
(66) Summary of Terms and Conditions of Officer Performance Cash Award. *	001-31617	8-K	June 10, 2014	10.4
(67) Bristow Group Inc. Fiscal year 2015 Annual Incentive Compensation Plan. *	001-31617	8-K	June 10, 2014	10.5
(68) Supplement to Bristow Group Inc. Fiscal Year 2015 Annual Incentive Plan. *	001-31617	8-K	June 10, 2014	10.6
(69) Indemnity Agreement with David Gompert	001-31617	8-K	February 4, 2015	10.1
(70) Bristow Group Inc. Management Severance Benefits Plan for U.S. Employees. * ††				
(71) Bristow Group Inc. Management Severance Benefits Plan for Non-U.S. Employees. * ††				



- (21)† Subsidiaries.
- (23)† Consent of Independent Registered Public Accounting Firm.
- (24)† Powers of Attorney.
- (31.1)† Certification of Chief Executive Officer.
- (31.2)† Certification of Chief Financial Officer.
- (32.1)† Certification of the Chief Executive Officer of Registrant pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- (32.2)† Certification of the Chief Financial Officer of Registrant 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 Document
- 101.DEF XBRL Taxonomy Extension Definition Linkbase Document
- 101.CAL XBRL Taxonomy Extension Calculation Linkbase Document.
- 101.LAB XBRL Taxonomy Extension Labels Linkbase Document.
- 101. PRE XBRL Taxonomy Extension Presentation Linkbase Document.

\* \_\_\_\_\_ Compensatory Plan or Arrangement

† Furnished herewith

†† Filed herewith

+ Confidential information has been omitted from this exhibit and filed separately with the SEC pursuant to a confidential treatment request under Rule 24(b)-2.

Agreements with respect to certain of the registrant's long-term debt are not filed as Exhibits hereto inasmuch as the debt authorized under any such Agreement does not exceed 10% of the registrant's total assets. The registrant agrees to furnish a copy of each such Agreement to the SEC upon request.

## SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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, in the City of Houston, State of Texas on the 20<sup>th</sup> day of May, 2015.

BRISTOW GROUP INC.

By: /s/ John H. Briscoe

John H. Briscoe  
Senior Vice President and  
Chief Financial Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the listed capacities on the 20<sup>th</sup> day of May, 2015.

<u>/s/ Jonathan E. Baliff</u> Jonathan E. Baliff	President, Chief Executive Officer and Director
<u>/s/ John H. Briscoe</u> John H. Briscoe	Senior Vice President and Chief Financial Officer
<u>/s/ Brian J. Allman</u> Brian J. Allman	Vice President, Chief Accounting Officer
<u>*</u> Thomas N. Amonett	Director
<u>*</u> Stephen J. Cannon	Director
<u>*</u> Michael A. Flick	Director
<u>*</u> Lori A. Gobillot	Director
<u>*</u> Ian A. Godden	Director
<u>*</u> David C. Gompert	Director
<u>*</u> Stephen A. King	Director
<u>*</u> Thomas C. Knudson	Chairman of the Board and Director
<u>*</u> Mathew Masters	Director
<u>*</u> Bruce H. Stover	Director
<u>/s/ E. Chipman Earle</u> * By: E. Chipman Earle (Attorney-in-Fact)	

## BOARD OF DIRECTORS



From left to right: Mathew Masters, Michael A. Flick, Ian A. Godden, David C. Gompert, Lori A. Gobillot, Jonathan E. Baliff, Thomas C. Knudson, Stephen A. King, Bruce H. Stover, Stephen J. Cannon, Thomas N. Amonett

### CORPORATE INFORMATION

**Corporate Office**  
Bristow Group Inc.  
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Houston, TX 77042  
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bristowgroup.com

**Common Stock Information**  
The company's NYSE symbol is BRS

**Investor Information**  
Additional information on the company  
is available at our web site,  
bristowgroup.com

**Transfer Agent**  
Computershare  
P.O. Box 30170  
College Station, TX 77842  
Telephone: 866.265.9770  
computershare.com

**Auditors**  
KPMG LLP



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