

GULF ISLAND FABRICATION INC
Form DEF 14A
March 22, 2018

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

SCHEDULE 14A INFORMATION
Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934

Filed by the Registrant Filed by a party other than the Registrant
Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Under Rule 14a-12

GULF ISLAND FABRICATION, INC.

(Name of Registrant as Specified In Its Charter)

(Name(s) of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for

which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing:

(1) Amount previously paid:

(2) Form, Schedule or Registration Statement No:

(3) Filing Party:

(4) Date Filed:

GULF ISLAND FABRICATION, INC.
16225 PARK TEN PLACE
SUITE 280
HOUSTON, TEXAS 77084

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD APRIL 25, 2018

TO THE SHAREHOLDERS OF GULF ISLAND FABRICATION, INC.:

The 2018 Annual Meeting of Shareholders of Gulf Island Fabrication, Inc. (the “Company”) will be held at 10:00 a.m., Central time, on Wednesday, April 25, 2018, at the corporate office of Gulf Island Fabrication, Inc. located at 16225 Park Ten Place, Suite 610, Houston, Texas, 77084, for the following purposes, as more fully described in the accompanying proxy statement:

1. To elect two Class III director nominees;
2. To approve, on an advisory basis, the compensation of our named executive officers;
3. To ratify the appointment of the Company’s independent registered public accounting firm.

The Board of Directors has fixed the close of business on March 9, 2018, as the record date for the determination of shareholders entitled to notice of and to vote at the annual meeting and all adjournments thereof.

Your vote is important regardless of the number of shares of the Company’s common stock you own. Whether or not you plan to attend the annual meeting, please complete, date and sign the enclosed proxy card and return it promptly in the enclosed stamped envelope. Furnishing the enclosed proxy will not prevent you from voting in person at the annual meeting should you wish to do so. To obtain directions to attend the annual meeting and vote in person, please contact David S. Schorlemer at (713) 714-6100.

By Order of the Board of Directors

David S. Schorlemer
Executive Vice President, Chief Financial Officer, Treasurer and Secretary
Houston, Texas
March 22, 2018

IMPORTANT NOTICE REGARDING THE AVAILABILITY
OF THE PROXY MATERIALS FOR THE SHAREHOLDER
MEETING TO BE HELD ON APRIL 25, 2018.

This proxy statement and the 2017 Annual Report are available at <https://ir.gulfisland.com/proxy>.

GULF ISLAND FABRICATION, INC.
16225 PARK TEN PLACE
SUITE 280
HOUSTON, TEXAS 77084

PROXY STATEMENT

ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD APRIL 25, 2018

QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING AND VOTING

Q: Why am I receiving this proxy statement?

A: Our Board of Directors (our "Board") is soliciting your proxy to vote at the 2018 Annual Meeting of Shareholders and at any adjournment thereof because you owned shares of our common stock at the close of business on March 9, 2018, the record date for determining shareholders entitled to vote at the annual meeting. The proxy statement, along with a proxy card, and our 2017 Annual Report are being mailed to shareholders on or about March 22, 2018. We have also made these materials available to you on the Internet at <https://ir.gulfisland.com/proxy>. This proxy statement summarizes the information you need to know to vote at the annual meeting. You do not need to attend the annual meeting to vote your shares of our common stock.

Q: When and where will the annual meeting be held?

A: The annual meeting will be held at 10:00 a.m., Central time, on Wednesday, April 25, 2018, at the corporate office of Gulf Island Fabrication, Inc. located at 16225 Park Ten Place, Suite 610, Houston, Texas, 77084. To obtain directions to attend the 2018 Annual Meeting of Shareholders, please contact David S. Schorlemer at (713) 714-6100.

Q: Who is soliciting my proxy?

A: Our Board, on behalf of Gulf Island Fabrication, Inc. (the "Company"), is soliciting your proxy to vote your shares of our common stock on all matters scheduled to come before the 2018 Annual Meeting of Shareholders, whether or not you attend in person. By completing and returning the proxy card, you are authorizing the proxy holder to vote your shares of our common stock at our annual meeting.

Q: On what matters will I be voting? How does the Board of Directors recommend that I cast my vote?

A: At the annual meeting, our shareholders will be asked to (1) elect the two Class III director nominees named in this proxy statement, (2) approve, on an advisory basis, the compensation of our named executive officers (the "say-on-pay proposal"), (3) ratify the appointment of our independent registered public accounting firm, and (4) consider any other matter that properly comes before the annual meeting.

Our Board unanimously recommends that you vote:

FOR the election of the two Class III director nominees;
FOR the approval, on an advisory basis, of the compensation of our named executive officers; and
FOR the ratification of the appointment of our independent registered public accounting firm.

Q: How many votes may I cast?

A: You may cast one vote for every share of our common stock that you owned on March 9, 2018, the record date for determining the shareholders entitled to vote at the annual meeting.

Q: How many shares are eligible to be voted?

A: As of the record date, we had 15,043,068 shares of our common stock outstanding, each of which is entitled to one vote.

Q: How many shares must be present to hold the annual meeting?

A: Under Louisiana law and our By-laws, the presence, in person or by proxy, of a majority of the outstanding shares of our common stock is necessary to constitute a quorum at the annual meeting. As of the record date, 7,521,535 shares constitute a majority of our outstanding stock entitled to vote at the annual meeting. The inspector of elections will determine whether a quorum is present at the annual meeting. If you are a beneficial owner (as defined below) of shares of our common stock and you do not instruct your broker, bank, or other nominee how to vote your shares on any of the proposals, and your broker, bank or other nominee submits a proxy with respect to your shares on a matter with respect to which discretionary voting is permitted, your shares of our common stock will be counted as present at the annual meeting for purposes of determining whether a quorum exists. In addition, if you are a shareholder of record present at the annual meeting in person or by proxy, your shares of our common stock will be counted as present at the annual meeting for purposes of determining whether a quorum exists, whether or not you abstain from voting on any or all of the proposals.

Q: What is the difference between holding shares as a shareholder of record and as a beneficial owner?

A: If your shares of our common stock are registered directly in your name with our transfer agent, American Stock Transfer & Trust Company, LLC, you are considered, with respect to those shares, the “shareholder of record.” The proxy materials have been mailed to such shareholders of record by us.

If your shares of our common stock are held by a broker, bank or other nominee, you are considered the “beneficial owner” of shares held in “street name.” The proxy materials have been forwarded to such beneficial owners by the broker, bank or other nominee that holds your shares of our common stock, who is considered, with respect to those shares, the shareholder of record. As the beneficial owner, you have the right to instruct your broker, bank or other nominee how to vote your shares by completing and returning the voting instruction card included in their mailing or by following the voting instructions you received from your broker, bank or other nominee.

Q: What happens if I don't vote for a proposal? What is discretionary voting? What is a broker non-vote?

A: If you properly complete, sign, date and return a proxy or voting instruction card, as applicable, your shares will be voted as you specify.

Shareholders of Record

If you are a shareholder of record and you sign and return your proxy card without giving specific voting instructions on some or all of the proposals, then the proxy holders will vote your shares of our common stock in the manner recommended by our Board on all matters presented in this proxy statement.

Beneficial Owners of the Shares Held in Street Name

If you are a beneficial owner of shares held in street name and do not provide specific voting instructions to the broker, bank or other nominee that holds your shares of our common stock, such broker, bank or other nominee has discretion to vote on routine matters but cannot vote on non-routine matters. If such broker, bank or other nominee does not receive instructions from you on how to vote your shares on a non-routine matter, this results in a “broker non-vote.”

Q: Which proposals are considered “routine” and which are considered “non-routine”?

A: The proposal relating to the ratification of the appointment of our independent registered public accounting firm is the only routine matter being considered at the annual meeting. The proposals relating to the election of two Class III director nominees and the say-on-pay proposal are non-routine matters. A broker, bank or other nominee cannot vote without instruction on non-routine matters, in which case there would be broker non-votes on such proposals.

Q: What vote is required to approve each item?

A: The election of two Class III director nominees will be decided by plurality vote, that is, the two nominees receiving the highest number of affirmative votes will be elected. The say-on-pay proposal and the ratification of the appointment of our independent registered public accounting firm will be decided by a majority of votes cast. The say-on-pay proposal vote is non-binding; however, our Board will consider the outcome of the advisory vote when establishing our compensation philosophy and in making future compensation decisions. All other matters properly brought before the annual meeting for a vote of shareholders will be decided by a majority of the votes cast.

Abstentions and broker non-votes will have no effect on the voting calculations for any of the proposals.

Q: How do I vote?

A: If you are a record holder, you may submit your proxy and voting instructions for your shares of our common stock by using any of the below methods. If you are a beneficial owner, you should receive a voting instruction card from your broker, bank or other nominee. The availability of submission of voting instructions by telephone or Internet for beneficial owners will depend on the voting processes of your broker, bank or other nominee.

Proxy card: Be sure to complete, sign and date your proxy card and return it in the prepaid envelope provided.

In person at the annual meeting: All shareholders may vote in person at the annual meeting. You may also be represented by another person at the annual meeting by executing a proper proxy designating that person as your representative. If you are a beneficial owner of shares of our common stock, you must obtain bring acceptable proof of ownership, which is either an account statement or a letter from your broker, bank or other nominee confirming that you beneficially owned shares of our common stock on the record date and present it to the inspectors of election with your ballot when you vote at the annual meeting.

Q: Can I revoke or change my voting instructions after I deliver my proxy?

A: Yes. Your proxy may be revoked or changed at any time before it is exercised by filing with our Secretary an instrument revoking it or a duly executed proxy bearing a later date, or by attending the annual meeting and voting in person. Your attendance alone at the annual meeting will not be enough to revoke your proxy.

Q: Who pays for soliciting proxies?

A: We pay all expenses incurred in connection with the solicitation of proxies for the annual meeting. We will also request banks, brokers and other nominees that hold shares of our common stock beneficially owned by others to send these proxy materials and our 2017 Annual Report to, and obtain voting instructions from, the beneficial owners and will reimburse such shareholders of record for related reasonable expenses. Solicitation of proxies by mail may be supplemented by telephone, email and other electronic means, advertisements and personal solicitation by our directors, officers and employees. No additional compensation will be paid to directors, officers or employees for such solicitation efforts.

Q: Could other matters be decided at the annual meeting?

A: Our Board does not expect to bring any other matter before the annual meeting, and it is not aware of any other matter that may be considered at the annual meeting. In addition, the time has passed for any shareholder to properly bring a matter before the annual meeting. The enclosed proxy will, however, confer discretionary authority with respect to any anticipated matter not included in this proxy statement that may properly come before the annual meeting or any adjournment thereof, subject to applicable SEC rules. It is the intention of the person(s) named in the enclosed proxy to vote any shares of our common stock for which he has a proxy to vote at the annual meeting in

accordance with his best judgment on any such matter.

Q: What happens if the annual meeting is postponed or adjourned?

A: Unless a new record date is fixed, your proxy will be valid and may be voted at the annual meeting, whether postponed or adjourned. You will still be able to change or revoke your proxy until the annual meeting is held.

Q: I share an address with another shareholder, and we received only one paper copy of the proxy materials. How may I obtain an additional copy of the proxy materials?

A: Some banks, brokers and other nominees are “householding” our proxy materials for their customers. This means that only one copy of our proxy materials may have been sent to multiple shareholders in your household. Currently, we do not deliver our proxy materials through householding for shareholders of record. However, we will promptly deliver a separate copy of any of

3

our proxy materials and the 2017 Annual Report to you if you call us at (713) 714-6100 or write to us at: Gulf Island Fabrication, Inc., 16225 Park Ten Place, Suite 280, Houston, Texas, 77084.

If you would like to receive separate copies of our annual report and proxy statement in the future, or if you are receiving multiple copies and would like to receive only one copy for your household, you may either contact your bank, broker, or other nominee or the Company at the above address and telephone number.

Our Board of Directors and Its Committees

Our Board currently consists of eight members. On December 29, 2017, Jerry D. Dumas, Sr., one of our Class III directors whose term was expiring at the annual meeting, passed away. On February 22, 2018, the Board, upon recommendation of the Corporate Governance and Nominating Committee, approved a reduction in the size of the Board from nine directors to eight directors. We want to express our appreciation for Mr. Dumas' extraordinary contributions to the Board. He served on our board for almost a decade, including as a member of our Compensation Committee. He was widely renowned for his business acumen and his more than 50 years in the oilfield service industry; he was universally respected by his fellow directors for his steady leadership.

Our Board met seven times during 2017. Our Board has established three standing committees: the Corporate Governance and Nominating Committee, the Audit Committee and the Compensation Committee. Each committee operates under a written charter adopted by our Board, and such charters, together with our Corporate Governance Guidelines, are available on our corporate governance page at www.gulfisland.com under "Investors." Printed versions of these materials are available, free of charge, to any shareholder who requests them from the Corporate Secretary. The composition of each committee is reviewed annually by our Board of Directors. During 2017, each of our incumbent directors attended at least 75% of the aggregate of the total number of meetings of our Board and the total number of meetings held by all committees of our Board on which he served during the periods of his Board membership and committee service.

Board Leadership Structure

John P. (Jack) Laborde serves as Chairman of our Board and Kirk J. Meche serves as President and Chief Executive Officer. Our Board determined that separation of these roles would maximize management's efficiency by allowing the Chief Executive Officer to focus on our day-to-day business and the Chairman of our Board to lead the Board of Directors in its fundamental role of providing guidance to and oversight of management. Our By-laws and corporate governance guidelines require the Chairman of the Board and Chief Executive Officer positions to be separate. Our Board periodically reviews the leadership structure and may make such changes in the future as it deems appropriate.

Our Board believes that the independent directors with the leadership of our Chairman of the Board provide effective oversight of management. Moreover, in addition to feedback provided during the course of meetings of our full Board, the independent directors are given the opportunity to meet in executive session after each regular meeting of our Board or more frequently, as needed. During 2017, Mr. Laborde served as Chairman for all of the executive sessions of independent directors and acted as the liaison between the independent directors and the Chief Executive Officer. Our three standing committees are composed entirely of independent directors and have the power and authority to engage legal, financial and other advisors as they may deem necessary, without consulting or obtaining the approval of the full Board or management.

Board Composition

The following table notes our committee structure and membership (X - Member; C - Chairperson; FE - Financial Expert):

Director *	Corporate Governance and Nominating Committee	Audit Committee	Compensation Committee
John P. (Jack) Laborde	X	X	X
Murray W. Burns	X		X
William E. Chiles			C
Michael A. Flick	C	X	X
Gregory J. Cotter		C	
Christopher M. Harding		X	
Michael J. Keeffe		FE	

*As a non-independent director, Mr. Meche does not serve as a member of any committee of the board, all of which are composed entirely of independent directors.

Board's Role in Risk Oversight

Our Board as a whole is responsible for risk oversight, with reviews of certain areas being conducted by the relevant board committees that report to the full Board. In its risk oversight role, our Board reviews, evaluates and discusses with appropriate members of management whether the risk management processes designed and implemented by management are adequate in identifying, assessing, managing and mitigating material risks facing the Company.

Our Board believes that full and open communication between management and our Board is essential to effective risk oversight. Management attends all regularly scheduled Board meetings and are available to address any questions or concerns raised by our Board on risk management or any other matters. Our Board oversees the strategic direction of the Company, and in doing so considers the potential rewards and risks of the Company's business opportunities and challenges, and monitors the development and management of risks that impact our strategic goals.

The Board conducts certain risk oversight activities through its committees, which oversee specific areas and provide reports to the full Board regarding such committee's considerations and actions. The Audit Committee reviews and considers financial, accounting, internal controls and regulatory compliance risks, including those that could arise from our accounting and financial reporting processes. The Audit Committee also reviews and monitors risks through various reports presented by our internal auditors and our independent registered public accounting firm (external auditors). The Compensation Committee reviews and considers risks related to our compensation policies, including incentive plans, to determine whether those plans subject the Company to material risks. The Nominating and Corporate Governance Committee assists our board in fulfilling its oversight responsibilities with respect to the management of risks associated with our board leadership structure and corporate governance matters.

Board Independence

On the basis of information solicited from each director, and upon the advice and recommendation of the Corporate Governance and Nominating Committee, our Board determined that eight of our directors who served during 2017 (specifically Messrs. Dumas, Burns, Chiles, Flick, Cotter, Harding, Keeffe and Laborde) are "independent" as such term is defined in The NASDAQ Stock Market LLC ("NASDAQ") listing standards. Mr. Meche was our only non-independent director during 2017. In making this determination, our Board, with assistance from the Company's legal counsel, evaluated responses to a questionnaire completed annually by each director regarding relationships and possible conflicts of interest between each director, the Company and management. In its review of director

independence, our Board considered all commercial, industrial, banking, consulting, legal, accounting, charitable, and familial relationships any director may have with the Company or management.

Board Tenure Guidelines

The Board has adopted a director resignation policy. The policy requires that directors provide a written offer of resignation, which the Corporate Governance and Nominating Committee will consider and recommend to the Board whether to accept or reject, in the event that (1) a director nominee receives a majority of withheld votes in an uncontested election; or (2) a director

has a material change in his or her principal occupation, employment or business association or job responsibilities, including retirement.

In addition, subject to the Company's Articles of Incorporation and Bylaws, employee directors will resign from the Board when they retire, resign or otherwise cease to be employed by the Company.

Finally, the Board believes that a director should offer his or her resignation if there is a substantial conflict of interest between the director and the Company or the Board and such conflict cannot be resolved to the satisfaction of the Board.

Corporate Governance and Nominating Committee

The Corporate Governance and Nominating Committee currently consists of the following three directors: Michael A. Flick (Chairman), Murray W. Burns and John P. (Jack) Laborde. Each of these directors is "independent" as such term is defined in the NASDAQ listing standards. The Corporate Governance and Nominating Committee met three times during 2017.

The Corporate Governance and Nominating Committee assists the board in fulfilling its oversight responsibilities by (1) identifying, considering and recommending to the Board candidates to be nominated for election or reelection to the Board or as necessary to fill vacancies and newly-created directorships; (2) monitoring the composition of the Board and its committees and making recommendations to the Board on membership of the committees; (3) maintaining the Company's Corporate Governance Guidelines and recommending to the Board any desirable changes; (4) evaluating the effectiveness of the Board and its committees; (5) addressing any related matters required by the federal securities laws or NASDAQ and (6) overseeing the succession plan process for each of the Company's executive officers and the Chairman of the Board.

Audit Committee

The Audit Committee currently consists of the following five directors: Gregory J. Cotter (Chairman), Michael J. Keefe (Financial Expert), Michael A. Flick, Christopher M. Harding and John P. (Jack) Laborde. Each of these directors is "independent" as such term is defined in the NASDAQ listing standards, including standards specifically governing audit committee members, and also satisfies the additional requirements applicable to an audit committee member under Rule 10A-3(b)(1) under the Securities Exchange Act of 1934 (the "Exchange Act"). Our Board has determined that Mr. Keefe is an "audit committee financial expert" as such term is defined within the applicable rules of the Securities and Exchange Commission ("SEC"). The Audit Committee met five times during 2017.

The Audit Committee's primary function is to assist our Board in fulfilling its oversight responsibilities by monitoring (1) the quality and integrity of the accounting, auditing, disclosure controls and procedures, internal control over financial reporting and financial reporting practices of the Company, (2) the independent auditor's qualifications and independence and (3) the performance of the Company's independent auditors.

Compensation Committee; Compensation Committee Procedures

The Compensation Committee currently consists of the following four directors: William E. Chiles (Chairman), Murray W. Burns, Michael A. Flick and John P. (Jack) Laborde. Each of these directors is "independent" as such term is defined in the NASDAQ listing standards, including standards specifically governing compensation committee members, and also satisfies the additional requirements applicable for a compensation committee member under Rule 10C-1(b)(1) under the Exchange Act. Also each of the directors is a "non-employee director" as defined under Rule 16b-3 under the Exchange Act, and is an "outside director" as defined under Section 162(m) of the Internal

Revenue Code and related regulations. The Compensation Committee met five times during 2017.

The Compensation Committee is appointed by the Board to assist the Board's in fulfilling its oversight responsibilities by: (1) discharging the responsibilities of the Board relating to the compensation of the Company's officers and (2) administering the Company's cash-based and equity-based incentive compensation plans. The Compensation Committee has overall responsibility for approving, evaluating and recommending to the Board all compensation plans of the Company and to administer and interpret such plans.

The Compensation Committee seeks the input of our Chief Executive Officer in connection with performance evaluations and compensation decisions for our other executive officers; however, our Chief Executive Officer is not present when the Compensation Committee meets to evaluate his performance nor when our Board determines his compensation.

The terms of our stock incentive plans permit the Compensation Committee to delegate to appropriate personnel its authority to make awards to employees other than those subject to Section 16 of the Exchange Act. However, the Compensation Committee has not delegated this authority to date.

Consideration of Director Nominees

The Corporate Governance and Nominating Committee will regularly assess the appropriate size of our Board, and whether any vacancies on our Board are expected due to retirement or otherwise and whether such vacancies should be filled. In the event that any vacancies are anticipated, or otherwise arise, the Corporate Governance and Nominating Committee will consider various potential candidates for director who may come to the attention of our Board through current members of our Board, professional search firms or shareholders. Alternatively, the Corporate Governance and Nominating Committee may reduce the size of the Board. Each candidate brought to the attention of the Corporate Governance and Nominating Committee, regardless of who recommended such candidate, are evaluated in the same manner. On December 29, 2017, Jerry D. Dumas Sr., one of our Class III directors whose term was expiring at the annual meeting, passed away. On February 22, 2018, the Board, upon recommendation of the Corporate Governance and Nominating Committee, approved a reduction in the size of the Board from nine directors to eight directors.

The identification and evaluation of qualified directors is a complex and subjective process that requires consideration of many intangible factors and will be significantly influenced by the particular needs of the Board from time to time. The Corporate Governance and Nominating Committee believes that each potential director nominee should be evaluated based on his or her individual merits, taking into account the Company's needs and the composition of the Board at the time. As a result, the Corporate Governance and Nominating Committee has not set specific, minimum qualifications that directors must meet in order for the Corporate Governance and Nominating Committee to recommend them to the Board, other than being under the age of 78 at the time of his or her election.

However, the Corporate Governance and Nominating Committee consistently seeks directors with integrity and proven business judgment, management ability and a diverse mix of backgrounds and experiences to build a capable, responsive, balanced and effective Board. In reviewing the qualifications of potential director nominees, the Corporate Governance and Nominating Committee considers many factors, including accounting and financial expertise, capital markets and banking experience, energy and energy service industry experience and expertise, environmental compliance and corporate responsibility expertise, senior corporate executive experience, industrial construction and fabrication management experience, legal and regulatory compliance expertise, marine industry experience, shipbuilding industry experience and other public company board experience. While the Corporate Governance and Nominating Committee does not have a formal written policy with regard to considering diversity in identifying potential director nominees, it strives to select director nominees with backgrounds and experiences that when combined with those of our other directors bring a broad range of complementary skills, expertise, industry and regulatory knowledge, and diversity of perspectives. The Corporate Governance and Nominating Committee evaluates each individual in the context of our Board as a whole, with the objective of nominating persons for election to our Board who can best perpetuate the success of our business, be an effective director in conjunction with our full Board and represent shareholder interests through the exercise of sound judgment.

The following table notes the breadth and variety of business experience that each of our current directors brings to the Company which enable to Board to provide insightful leadership to the Company to advance its strategies and deliver returns to shareholders.

Director	CEO or other Senior Exec. Experience	Energy or Energy Service Experience	Marine Experience	Industrial Construction Fabrication Experience	Accounting Financial Experience	Other Public Co. Board Experience	Capital Markets Banking Experience	Legal & Regulatory Compliance Experience
John P. (Jack) Laborde	X	X	X	X	X	X		X
Kirk J. Meche	X	X	X	X	X			
Murray W. Burns	X	X	X	X				
William E. Chiles	X	X	X	X	X	X	X	X
Michael A. Flick	X	X	X		X	X	X	X
Gregory J. Cotter	X				X	X	X	X
Christopher M. Harding	X	X	X	X	X			X
Michael J. Keefe		X	X	X	X	X	X	X

In connection with our commitment to strong governance practices that deliver value to our shareholder, the Corporate Governance and Nominating Committee at its February 2018 meeting approved the hiring of a third-party director search firm to assist in an additional evaluation of the experience, qualifications, attributes and skills of the members of the Board and conduct an extensive and careful search to identify board candidates with highly additive skills and relevant experience to guide the Company's ongoing transformation and maximize Board effectiveness. Further, the search firm will be instructed to be mindful of the Board's desire to increase Board diversity.

Upon the recommendations of the Corporate Governance and Nominating Committee, nominations of directors and related matters are voted upon by the independent directors while meeting in executive session without management present. Since Mr. Meche is a member of management and a non-independent director, he was not involved in the nominations process.

As set forth in our Corporate Governance Guidelines, our Corporate Governance and Nominating Committee will consider director candidates recommended by our shareholders for nomination for election to our Board. Any shareholder may suggest a nominee by sending the following information to our Board: (i) the proposing shareholder's name, address and telephone number, (ii) the number of shares of our common stock beneficially owned by the proposing shareholder and the suggested nominee, (iii) the suggested nominee's name, age, business and residential addresses and telephone number, (iv) a statement that the suggested nominee knows that his or her name is being suggested by the proposing shareholder, and that he or she has consented to being suggested and is willing to serve, (v) the suggested nominee's resume or other description of his or her background and experience and (vi) the proposing shareholder's reasons for suggesting that the individual be considered. The information should be sent to the Corporate Governance and Nominating Committee of our Board addressed as follows: Chairman - Corporate Governance and Nominating Committee of Gulf Island Fabrication, Inc., 16225 Park Ten Place, Suite 280, Houston, Texas, 77084.

Our Amended and Restated Articles of Incorporation also permit shareholders to directly nominate directors for election at an annual shareholder meeting. In general, to be timely, a shareholder's notice must be received by our

Secretary at our principal executive office no less than 45 days or more than 90 days prior to the shareholder meeting. The notice must be in writing and must include certain specified information about the nominee and the shareholder making the nomination.

Communications with our Board

Any shareholder may communicate with our Board (or with any individual director) by sending a letter by mail addressed to the Chairman of the Board of Directors of Gulf Island Fabrication, Inc., 16225 Park Ten Place, Suite 280, Houston, Texas, 77084. The Chairman of our Board will forward the shareholder's communication directly to the appropriate director or directors.

Our Board has adopted a policy that recommends that all directors personally attend all meetings of our shareholders. At the last annual meeting of shareholders held on April 26, 2017, all nine of the members of our Board were in attendance.

Ethics and Business Conduct Policies

We have adopted a Code of Ethics for our Chief Executive Officer and senior financial officers and a Code of Business Conduct and Ethics, which applies to all employees and directors, including our Chief Executive Officer and senior financial officers. These codes are posted on our corporate governance page at www.gulfisland.com under "Investors." The Ethics and

Business Conduct Policies are available in print to any shareholder who requests a copy. Any substantive amendments to the Code of Ethics will be disclosed within four business days of such event on our website and will remain on our website for at least 12 months.

Director and Executive Officer Stock Ownership Guidelines

Our Corporate Governance Guidelines contain director and executive officer stock ownership guidelines that generally require (i) directors to hold at least 5,000 shares of the Company's stock, including any unvested restricted stock or restricted stock units, within five years of election to our Board for the duration of their remaining tenure as a director of the Company, and (ii) executive officers to hold stock, including any unvested restricted stock or restricted stock units granted to them, in an amount equal to 2.0 times base salary in the case of the chief executive officer and 1.25 times base salary in the case of all other executive officers by the later of April 30, 2021 or five years from becoming subject to such guidelines.

Anti-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 borrow against any account in which Company stock is held or pledge Company stock as collateral for a loan or for any other purpose, except that such insiders may pledge Company stock as collateral for a loan (not including margin debt) if:

- Not pledged as collateral for a margin loan;
- Establish that they have the financial capacity to repay the loan without resorting to the pledged securities;
- They notify the Corporate Secretary prior to the execution of documents evidencing the proposed pledge; and
- Shares pledged will not be considered as owned for purposes of the stock ownership guidelines applicable to the executive or the director.

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 Policy.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires our officers and directors, and persons who own more than 10% of a registered class of our equity securities, to file reports of ownership and changes in ownership with the SEC. Officers, directors and greater than 10% shareholders are required by the regulations of the SEC to furnish the Company with copies of all Section 16(a) reports they file. Based solely on our review of copies of such reports and written representations from our officers and directors that no other reports were required for those persons, we believe that all of our officers, directors and greater than 10% shareholders timely complied with the filing requirements applicable to such persons for the fiscal year ended December 31, 2017, except that Mr. Robert Wallis inadvertently failed to include outstanding equity awards on his Form 3 filed May 15, 2017. The Form 3 was amended in February 2018 to reflect the awards.

Compensation Committee Interlocks and Insider Participation

During 2017, none of Messrs. William E. Chiles, John P. (Jack) Laborde, Michael A. Flick and Murray W. Burns, who comprised the Compensation Committee, were officers or employees of the Company or any of its subsidiaries or had any relationships requiring disclosure in this proxy statement under "Certain Transactions," and none of our executive officers served as a member of the compensation committee of another entity or as a director of another

entity, one of whose executive officers served on the Compensation Committee or our Board. No member of the Compensation Committee is a former officer of the Company.

Certain Transactions

In accordance with the provisions of our Audit Committee Charter, any transaction which would require disclosure under Item 404(a) of Regulation S-K of the rules and regulations of the SEC, with respect to a director or executive officer, must be reviewed and approved, or ratified, annually by the Audit Committee of our Board. Any such related party transaction will only be approved or ratified if the Audit Committee determines that such transaction will not impair the involved person's service to,

and exercise of judgment on behalf of, the Company, or otherwise create a conflict of interest that would be detrimental to the Company.

No reportable related party transactions have taken place since January 1, 2017, and none are currently proposed.

PROPOSAL 1: ELECTION OF DIRECTORS

Our Amended and Restated Articles of Incorporation provide for a Board of Directors consisting of three classes, with the number of directors to be set forth in our By-laws. Our By-laws allow for the number of directors constituting the entire Board of Directors to be a range of not less than three nor more than 12, with the exact number of directors to be fixed by a duly adopted resolution of the Board of Directors. The size of our Board is currently set at eight directors. The term of office of the Class III Directors will expire at the 2018 Annual Meeting, and, in accordance with the recommendations of the Corporate Governance and Nominating Committee and the approval of the independent directors, our Board has nominated Kirk J. Meche and Michael J. Keeffe, the two persons listed as Class III director nominees in the table below, for election to our Board for a term expiring in 2021. Messrs. Meche and Keeffe have each consented to being named as a nominee in this proxy statement and to serve as directors if elected.

Proxies cannot be voted more than one time for each of the two director nominees named in this proxy statement. In the unanticipated event that any nominee is unable to serve or for good cause will not serve as a candidate for director, the persons named in the accompanying proxy will vote your shares of our common stock for a substitute candidate nominated by our Board, unless otherwise directed.

Under our By-Laws, directors are elected by a plurality vote which means the two Class III director nominees who receive the most votes will be elected. In the event a director receives a majority of withheld votes, such director must tender his resignation to the Corporate Governance and Nominating Committee which will consider the director's offer of resignation and recommend to the Board whether to accept or reject it. See "Questions and Answers about the Annual Meeting and Voting."

Our Board unanimously recommends that you vote FOR the election of each of the two Class III director nominees named in this proxy statement.

Information about the Directors, Director Nominees and Executive Officers

The following table sets forth, as of March 22, 2018, for each director nominee, each other director of the Company whose term will continue after the annual meeting, and each of our executive officers, the age, any positions with the Company, principal occupations and employment during the past five years, any family relationships among such persons, and, if a director nominee or a director, each such person's directorships in other public corporations during the past five years and the year that such person was first elected a director of the Company. We have also included information about each director and director nominee's specific experience, qualifications, attributes, or skills that led the Corporate Governance and Nominating Committee to recommend and the independent directors of our Board to approve that such person should serve as one of our directors at the time we file this proxy statement, in light of our business and structure. All executive officers serve at the pleasure of our Board. Each Class III director nominee has consented to being named as a nominee in this proxy statement and to serve as a director if elected.

Name	Positions with the Company, Principal Occupations, and Age	Directorships in Other Public Companies, and Family Relationships	Director Since
------	---	---	-------------------

Nominees for Election as Continuing Class III Directors (term expires in 2021)

Kirk J. Meche, 55	<p>Chief Executive Officer of the Company since 2013. President of the Company since 2009 and Chief Operating Officer from 2009 to 2012. Executive Vice President—Operations of the Company from 2001 to 2009. President and Chief Executive Officer of Gulf Marine Fabricators, L.P., a wholly-owned fabrication subsidiary of the Company, from February 2006 to October 2006. President and Chief Executive Officer of Gulf Island, L.L.C., a wholly-owned fabrication subsidiary of the Company, from 2001 until 2006. President and Chief Executive Officer of Southport, Inc., a wholly-owned fabrication subsidiary of the Company, from 1999 to 2001. Project Manager of the Company from 1996 to 1999. Held various engineering positions for J. Ray McDermott and McDermott, Inc. from 1985 to 1996.</p>	2012
----------------------	--	------

Mr. Meche's experience in the energy and marine construction industries, in particular his over 20 years of experience in various leadership roles with the Company and over 30 years in the industry, provides him with knowledge of managing operations and overseeing the expansion of business and makes him highly qualified to serve as a member of our Board.

Michael J. Keefe, 66	<p>Prior to his retirement in 2011, Mr. Keefe was a Senior Audit Partner with Deloitte & Touche LLP. He has 35 years of public accounting experience at Deloitte & Touche directing financial statement audits of public companies, principally in the oil field service and engineering and construction industries, most with significant international operations. He also served as a risk management and quality assurance partner in the firm's consultation network. He is a Certified Public Accountant and holds a Bachelor of Arts and a Masters of Business Administration from Tulane University. Mr. Keefe currently serves on the Board of Ultra Petroleum Corp., a publicly traded exploration and production company.</p>	2014
-------------------------	---	------

Mr. Keefe's extensive accounting and financial expertise, particularly in our industry and related industries makes him highly qualified to serve as a member and financial expert of the Audit Committee and a member of our Board.

Name	Positions with the Company, Principal Occupations, and Age Directorships in Other Public Companies, and Family Relationships	Director Since
------	---	-------------------

Continuing Class I Directors (term expires in 2019)

<p>Murray W. Burns, 72</p>	<p>Project management, engineering and business development consultant through MBurns Consulting since 2013. From 1980 to 2013, employed by Technip USA, Inc. and its affiliates in various executive capacities, including Vice President—Offshore Business Unit, Vice President—Topsides and Fixed Platforms, Vice President—Engineering Operations, Vice President—Engineering, President and COO (Technip Upstream Houston Inc.). From 1976 to 1980, Project Manager, Group Manager, Manager of Facilities and Supervising Engineer with Petro-Marine Engineering, Inc. Prior to 1976, he worked in various engineering capacities at Shell Oil Company.</p>	<p>2014</p>
--	--	-------------

Mr. Burns's experience in the engineering and offshore fabrication industries provides valuable insight and makes him highly qualified to serve as a member of our Board, Compensation Committee and Corporate Governance and Nominating Committee.

<p>William E. Chiles, 69</p>	<p>Serves as Managing Partner of Pelican Energy Partners since 2014. From July 2004 to July 2014, Mr. Chiles served as President, CEO and a director of the Bristow Group, Inc., a publicly-traded global provider of offshore aviation services to the energy industry, and search & rescue services to the UK Maritime Coast Guard Agency. Mr. Chiles retired as President and CEO of Bristow in July 2014, but continued to serve as a Senior Advisor and was CEO Emeritus through July 2016. From 2003 to 2004, he served as Executive Vice President and COO of Grey Wolf Inc., a publicly traded onshore oil and gas drilling company. From 2002 to 2003, he served as Vice President of Business Development of ENSCO International. In 1997, Mr. Chiles founded Chiles Offshore, Inc. (Chiles II) and served as President and CEO until its merger with ENSCO International Incorporated (ENSCO) in 2002. In 1992, he founded Southwestern Offshore Corporation and served as CEO and President until its acquisition by Cliffs Drilling Company (Cliffs) in 1996. From 1996 to 1997, he served as Senior Vice President-Drilling Operations for Cliffs. In 1977, he co-founded Chiles Offshore Inc. (Chiles I) and served as President and CEO until 1992. The Company was acquired by Noble Drilling in 1994. Prior to 1977, he began his career working offshore in the North Sea for Western Oceanic, Inc. and served as VP - Domestic Operations in Lafayette, Louisiana. Mr. Chiles served on the board of directors of Basic Energy Services, a publicly-traded provider of wellsite services to oil and natural gas drilling and producing companies, until December 2016. We believe Mr. Chiles is a valuable member of the Board and qualified to serve as the Chairman of the Compensation Committee because of his broad international experience and knowledge of the oil and gas industry and our customer base, as well as his executive experience with various publicly traded companies.</p>	<p>2014</p>
--	--	-------------

Name and Age	Positions with the Company, Principal Occupations, Directorships in Other Public Companies, and Family Relationships	Director Since
-----------------	---	-------------------

Michael A. Flick, 69	Retired Banking Executive. Member of the Board of Directors, Audit Committee and Corporate Governance and Nominating Committee and former Chairman of the Compensation Committee of the Bristow Group, Inc., a publicly-traded provider of industrial aviation services. From 1970 to 1998 employed by First Commerce Corporation and First National Bank of Commerce, its wholly-owned subsidiary, in various executive capacities including Chief Credit Policy Officer, Chief Financial Officer and Chief Administrative Officer.	2007
----------------------------	--	------

Mr. Flick's experience in the banking and financial services industries and his role as Chief Financial Officer provided him with the 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, the Compensation Committee, the Chairman of the Corporate Governance and Nominating Committee and a member of our Board.

Name and Age	Positions with the Company, Principal Occupations, Directorships in Other Public Companies, and Family Relationships	Director Since
-----------------	---	-------------------

Continuing Class II Directors (term expires in 2020)

Gregory J. Cotter, 69	Wealth Management Consultant since 2009. Employed by Huey Wilson Interest, Inc., a business management service company, and its affiliates in various executive capacities, including Director, President, Chief Operating Officer and Chief Financial Officer from 1989 through 2008. Director, President, and Chief Operating Officer of a publicly traded multi-bank holding company from 1986 to 1988. Senior Vice-President and Chief Financial Officer of H.J. Wilson Co. Inc., a publicly traded retailer, from 1977 to May 1985.	1985
--------------------------	--	------

Mr. Cotter's extensive career in the banking and financial industries as well as his executive experience with various publicly traded companies provided him with a knowledge of financial reporting, accounting and controls as well as a knowledge of operations and make him highly qualified to lead the Audit Committee as Chairman and serve as a member of our Board.

John P. (Jack) Laborde, 68	Chairman of our Board since 2013. President of Overboard Holdings, L.L.C. (Overboard), a management company engaged in oil and gas exploration and development since January 2002. President of All Aboard Development Corporation (All Aboard), an independent oil and gas exploration and production company, since 1997. All Aboard is currently being managed by Overboard. President of AVOCA, LLC since 2014. AVOCA holds land and mineral rights in South Louisiana. Employed by the Company from 1992 until 1996 in various capacities, including International Marketing Manager. Prior to 1992, he worked as an engineer for Exxon Co. USA and in various capacities for Ocean Drilling & Exploration Company and Murphy Oil Corporation. Son of Alden J. (Doc) Laborde, co-founder of the Company and former director.	1997
-------------------------------------	---	------

Mr. Laborde's knowledge of engineering, construction and oil and gas operations as well as his experience managing and overseeing the expansion of businesses makes him a valued member as Chairman of our Board, and as a member of the Compensation Committee, Audit Committee and Corporate Governance and Nominating Committee.

Christopher M. Harding, 66	Private investor. From 2012 to 2014, Vice President of Horton Wison Deepwater, a technology development company specializing in deepwater applications. From 2009 to 2012, Executive Vice President of GL Noble Denton, an offshore consultancy & marine warranty surveyor. President of the engineering division of Technip USA from 1999 to 2004. Founder and President of Genesis Oil & Gas Consultants, a privately-owned consulting and engineering firm serving both independent and international oil and gas companies from 1988 until acquisition by Technip in 1998.	2007
----------------------------------	--	------

Mr. Harding's experience in the engineering and construction industries, as well as international operations makes him highly qualified to serve on our Board and as a member of the Audit Committee.

Name and Age	Positions with the Company, Principal Occupations, Directorships in Other Public Companies, and Family Relationships
-----------------	---

Current Executive Officers not Serving as Directors

David S. Schorlemer, 51	Mr. Schorlemer joined the Company on January 3, 2017 as Executive Vice President - Finance, Chief Financial Officer and Treasurer. Mr Schorlemer has over 20 years experience as a financial or other senior officer in the energy services industry. Prior to joining the Company, Mr. Schorlemer served as Chief Financial Officer of GR Energy Services Management, L.P., an energy service company delivering completion and production solutions to the United States and Latin American markets. From 2004 to 2015, Mr. Schorlemer served as Executive Vice President and Chief Financial Officer of Stallion Oilfield Holdings, Inc., an energy service company providing upstream, midstream and industrial services to its customers. Mr. Schorlemer served as Vice President - Finance and Chief Financial Officer of Q Services, Inc. from 1997 until Q Services merged with Key Energy Services, Inc. in 2002. Following the merger, Mr. Schorlemer served as Vice President - Marketing & Strategic Planning of Key Energy Services, Inc. until 2004. Mr. Schorlemer also served as Consulting Project Manager with Accenture PLC from 1991 to 1997.
-------------------------------	---

Todd F. Ladd, 51	Chief Operating Officer since February 2014; Executive Vice President since February 2015. Mr. Ladd previously served as Vice President and General Manager of the Company since July 2013. Mr. Ladd has over 28 years industry experience in the offshore fabrication sector. From 2001 to 2013, Mr. Ladd served as Senior Project Manager with Paloma Energy Consultants, an offshore construction project management firm. From 1996 to 2001, Mr. Ladd served as Project Manager for Gulf Island LLC. Mr. Ladd also served as Production Engineer and Facility Engineer at McDermott Marine Construction from 1988 to 1996.
---------------------	--

Director Compensation

We use a combination of cash and equity-based incentive compensation to attract and retain qualified candidates to serve on our Board. In setting director compensation, we consider the significant amount of time directors dedicate in fulfilling their duties as directors, as well as the skill-level required by the Company to be an effective member of our Board. For 2017, the form and amount of director compensation was reviewed by the Compensation Committee who recommended for approval by our full Board, which includes Mr. Meche, our President and Chief Executive Officer.

Cash Compensation

In early 2017, the Compensation Committee engaged Aon Hewitt, the Committee's independent compensation consultant, to review the Company's non-employee director compensation program. Following that review, Aon Hewitt noted that Company's director compensation was generally lower than its peers. Accordingly, effective March 1, 2017, the Board of Directors, following the recommendation of the Compensation Committee, unanimously approved increases in the cash components of our program as follows: (i) the annual director fee increased from \$54,000 to \$66,000, and (ii) the annual fee paid to our Chairman of the Board increased from \$120,000 to \$140,000. In making this decision, the Compensation Committee did not benchmark the compensation

to any particular level paid by our peers, but did use data prepared by Aon Hewitt in evaluating whether director compensation levels, including cash and equity-based compensation, are in line with median levels of director compensation paid by our energy and marine industry peers.

Mr. Cotter, as Chairman of the Audit Committee, received an additional chair fee of \$12,000 and Mr. Keeffe, the Audit Committee Financial Expert, received an additional financial expert fee of \$12,000. Mr. Flick, as Chairman of the Corporate Governance and Nominating Committee, and Mr. Chiles, Chairman of the Compensation Committee, each received an additional chair fee of \$12,000. See also the table below detailing total compensation paid to our directors. All directors are reimbursed for reasonable out-of-pocket expenses incurred in attending meetings of our Board and its committees.

Equity-Based Compensation

Each non-employee director also receives equity-based compensation under our stock incentive plans. In February 2017, the Board of Directors, following the recommendation of the Compensation Committee, unanimously approved an increase in the value of the annual director equity compensation award from \$40,000 to \$75,000. On April 26, 2017, each of our non-employee directors was granted restricted stock units ("RSUs"), which vested on October 26, 2017, six months after the date of grant. Upon vesting, each RSU entitled the non-employee director, at his sole option, to receive either (i) one share of our common stock or (ii) in lieu of a share of our common stock, up to 50% of the fair market value of the share of our common stock in cash. We expect to continue to make an annual grant of RSUs to our non-employee directors. Under our stock ownership guidelines, directors are required to own at least 5,000 shares of our common stock as of the end of fiscal 2018.

The table below summarizes compensation paid in 2017 to each person serving as a director during 2017, with the exception of Mr. Meche. Mr. Meche did not receive any compensation as a director, and his compensation as an executive of the Company is fully reflected in the 2017 Summary Compensation Table on page 25.

Name	Fees Earned or Paid in Cash ⁽¹⁾	Value of Stock Awards ⁽²⁾	Total
Murray W. Burns	\$ 65,000	\$ 75,000	\$ 140,000
William E. Chiles	77,000	75,000	152,000
Gregory J. Cotter	77,000	75,000	152,000
Jerry D. Dumas, Sr.	65,000	75,000	140,000
Michael A. Flick	77,000	75,000	152,000
Christopher M. Harding	65,000	75,000	140,000
Michael J. Keeffe	77,000	75,000	152,000
John P. Laborde	138,333	75,000	213,333

(1) Reflects fees earned by the directors during 2017 for their service on our Board and its committees, as applicable.

Reflects the aggregate grant date fair value of RSUs. RSUs are valued on the date of grant at the closing sale price (2) per share of our common stock. On April 26, 2017, each of our non-employee directors was granted 7,109 RSUs, with a grant date fair value of \$10.55 per RSU.

Stock Ownership

The following table sets forth, as of March 9, 2018, certain information regarding beneficial ownership of shares of our common stock by (i) each of our current directors and director nominees, (ii) each of our named executive officers, (iii) all of our director nominees and current directors and executive officers as a group, and (iv) each other

shareholder known by us to be the beneficial owner of more than 5% of our outstanding common stock. Unless otherwise indicated, we believe that the shareholders listed below have sole investment and voting power with respect to their shares of our common stock based on filings with the SEC and/or information furnished to us by such shareholders.

15

Name of Beneficial Owner	Number of Shares Beneficially Owned ⁽¹⁾	Percentage of Outstanding Common Stock ⁽²⁾
Directors, Director Nominees and Named Executive Officers:		
Murray W. Burns	17,582	*
William E. Chiles	13,728	*
Gregory J. Cotter	21,429	*
Michael A. Flick	12,127	*
Christopher M. Harding	19,282	*
Michael J. Keeffe	10,876	*
John P. Laborde ⁽³⁾	26,282	*
Kirk J. Meche	330,703	2.2%
Todd F. Ladd	156,003	1.0%
David S. Schorlemer ⁽⁴⁾	70,692	*
All director nominees and current directors and executive officers of the Company as a group (10 persons) ⁽⁵⁾	678,704	4.5%
Greater Than 5% Shareholders:		
BlackRock, Inc. ⁽⁶⁾	1,728,273	⁽⁷⁾ 11.5%
Dimensional Fund Advisors LP ⁽⁸⁾	1,255,593	⁽⁹⁾ 8.3%
Starboard Enterprises, L.L.C. ⁽¹⁰⁾	781,999	⁽¹¹⁾ 5.2%
The Vanguard Group, Inc. ⁽¹²⁾	828,571	⁽¹³⁾ 5.5%
Piton Capital Partners, LLC ⁽¹⁴⁾	935,702	⁽¹⁵⁾ 6.2%

*Less than 1%.

1. Includes unvested shares of restricted stock.

2. Based on 15,043,068 shares of our common stock outstanding as of March 9, 2018.

Mr. Laborde has sole voting and dispositive power with respect to 26,282 shares of our common stock. This amount does not include Mr. Laborde's indirect interest in the shares of our common stock held by Starboard Enterprises, L.L.C. ("Starboard") and All Aboard Development Corporation ("All Aboard") as a result of his ownership interest in those entities. See footnote 11.

Mr. Schorlemer was appointed Executive Vice President - Finance, Chief Financial Officer and Treasurer effective January 3, 2017 and was subsequently appointed Secretary on February 22, 2018.

3. Includes our director nominees, current directors and executive officers as of March 9, 2018.

4. The address of BlackRock, Inc. is 55 East 52nd Street, New York, New York, 10055.

Based on information contained in the amended Schedule 13G filed with the SEC on January 19, 2018, by

BlackRock, Inc. BlackRock has (i) sole voting power with respect to 1,716,701 shares of our common stock and (ii) sole dispositive power with respect to all of the shares reported.

5. The address of Dimensional Fund Advisors LP is Building One, 6300 Bee Cave Road, Austin, Texas, 78746.

Based on information contained in the amended Schedule 13G filed with the SEC on February 9, 2018, all of the shares reported are owned by investment advisory clients of Dimensional Fund Advisors LP ("Dimensional Fund").

To Dimensional Fund's knowledge, no such client has an interest relating to more than 5% of our outstanding common stock. As investment advisor, Dimensional Fund has (i) sole voting power with respect to 1,195,766 shares of our common stock and (ii) sole dispositive power with respect to 1,255,593 shares of our common stock.

Dimensional Fund expressly disclaims beneficial ownership of these shares.

6. The address of Starboard Enterprises, L.L.C. is 400 Poydras Street, Suite 1560, New Orleans, Louisiana, 70130.

7. In 2002, Mr. Alden "Doc" Laborde, a founder of the Company, organized Starboard Enterprises, L.L.C. ("Starboard") as a private holding company for estate planning purposes and he contributed a substantial majority of his ownership interest in the Company to Starboard. Starboard currently beneficially owns 781,999 shares of the

Company's common stock. Additionally, All Aboard Development Corporation ("All Aboard"), a privately-held independent oil and gas exploration and production company also affiliated with the Laborde family, beneficially owns 7,500 shares of the Company's common stock and The Almar Foundation (the "Foundation") beneficially owns 80,000 shares of the Company's common stock. Each of Mr. A Laborde's five children, including our Chairman of the Board, John P. (Jack) Laborde, serves as a manager of Starboard (each, a "Manager"), a trustee of the Foundation and a director of All Aboard. Following Mr. A. Laborde's death in 2014 and the settlement of his estate, each of the Managers directly owns a 0.2% interest in Starboard and the remaining 99% interest is owned by various trusts of which the Managers are either both principal and income beneficiaries or are only income beneficiaries with their children as the principal beneficiaries. With respect to Overboard

Holdings, L.L.C. (“Overboard”), the parent company of All Aboard, Mr. John P. (Jack) Laborde owns a 0.1% interest and the remaining 99.9% interest is held by various trusts of which the Managers are both principal and income beneficiaries.

12. The address of The Vanguard Group, Inc., is 100 Vanguard Blvd. Malvern, Pennsylvania, 19355.

Based on information contained in the amended Schedule 13G filed with the SEC on February 9, 2018, all of the shares reported are owned by investment advisory clients of the Vanguard Group, Inc. (“Vanguard Group”). To Vanguard Group’s knowledge, no such client has an interest relating to more than 5% of our outstanding common stock. As investment advisor, the Vanguard Group has (i) sole voting power with respect to 13,712 shares of our common stock and (ii) sole dispositive power with respect to 814,859 of the shares reported. The Vanguard Group expressly disclaims beneficial ownership of these shares.

14. The address of Piton Capital Partners, LLC is 201 Tresser Boulevard, 3rd Floor, Stamford, Connecticut, 06901.

Based on information contained in the amended Schedule 13G filed with the SEC on February 14, 2018, all of the shares reported are owned by Piton Capital Partners, LLC (“Piton Capital”), an investment vehicle formed for the benefit of a single family and certain “key employees” (as defined in Investment Advisers Act Rule 202(a)(11)(G)-1. As investment advisor, Piton Capital has sole voting power and sole dispositive power with respect to all of the shares reported. Piton Capital expressly disclaims beneficial ownership of these shares.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Executive Summary

Introduction

This section of the proxy describes and analyzes our executive compensation program for fiscal year 2017 for our named executive officers listed below.

✦ Kirk J. Meche, President and Chief Executive Officer

✦ Todd F. Ladd, Executive Vice President and Chief Operating Officer.

✦ David S. Schorlemer, Executive Vice President, Chief Financial Officer, Treasurer and Secretary

In this Compensation Discussion and Analysis, we first provide an Executive Summary of our actions and highlights from 2017. We next explain the principles that guide our Compensation Committee’s (the “Committee’s”) executive compensation decisions and recommendations and the process we follow when setting executive compensation. We next discuss each component of executive compensation for 2017, including the actual results yielded for each named executive officer in fiscal 2017. Finally, we summarize our executive compensation policies. You should read this section of the proxy statement in conjunction with the advisory vote that we are conducting on the compensation of our named executive officers (see Proposal 2), as it contains information that is relevant to your voting decision.

2017 Company Performance

As more fully discussed in “Management’s Discussion and Analysis of Financial Condition and Results of Operations” contained in our Annual Report on Form 10-K for the year ended December 31, 2017, the Company reported operating losses of \$68.4 million.

✦ We recorded contract losses totaling \$34.5 million related to cost overruns and delays that we encountered in the newbuild construction of two multi-purpose service vessels that we are building for a customer within our Shipyard Division. The cost overruns were due to engineering and electrical complexities with the power and communications

systems. We believe the best course of action for the Company is to perform additional engineering and construction planning to ensure we are meeting the contractual performance requirements for these vessels and mitigating any further construction risk. With the additional electrical engineering, planning and construction estimates, the estimated delivery dates of the vessels will be extended beyond the contractual delivery dates, and we estimate that the maximum amount of liquidated damages of \$11.2 million will be incurred in the absence of a signed amendment with the customer. We have included the maximum liquidated damages in our 2017 loss provision above and reduced our estimate of the contract price. We continue to work with the customer to complete the contract in a manner that is acceptable to both parties; however, resolution with this customer could take several months. We can provide no assurance that we will be successful in signing an amendment to the contract, or that in the event we are successful in negotiating an amendment,

17

as to when such an amendment will be signed or if such amendment will result in recovery of any cost overruns or liquidated damages that we have recognized to date.

- In addition to the above, we incurred non-cash impairments totaling \$7.7 million and losses of \$5.5 million for holding costs of our South Texas Properties while they are held for sale.

Our industry environment continues to be challenged. Our customers in the global oil and gas industry continue to limit their capital spending and are not expected to increase offshore drilling activity in the near term. Accordingly, we have continued to diversify our business and increase our focus on projects outside of the offshore upstream oil and gas sector.

Despite the challenges we faced during 2017, there were notable achievements as well.

We successfully resolved our dispute with a customer within our Shipyard Division. This customer rejected delivery of the first of two offshore service vessels that we completed and tendered for delivery on February 6, 2017, alleging certain technical deficiencies existed with respect to the vessels. During the fourth quarter of 2017, we settled our disputes, and the customer accepted delivery of the first vessel, less a reduction in the amounts owed under the contract of \$233,000. We have also recommenced construction of the second vessel to be delivered in 2018 for the remaining contract price less \$233,000.

On June 9, 2017, we successfully negotiated a new \$40 million credit agreement with our lending institution. The credit facility matures June 9, 2019, and may be used for issuing letters of credit and/or general corporate and working capital purposes. Additionally, we amended this credit agreement on December 29, 2017, and then again on February 26, 2018, lowering the base tangible net worth requirement from the initial \$230 million to \$185 million in the minimum tangible net worth covenant. We believe the new facility, as amended, relaxes our financial covenants to provide greater flexibility should we need to draw on our credit facility to support our ongoing operations and respond to market opportunities.

On December 20, 2017, we granted an exclusive option to a third party for the purchase of our fabrication yard located in Ingleside, Texas (the South Yard), for a purchase price of \$55 million.

We were recently notified by SeaOne Caribbean, LLC (“SeaOne”) that they selected us as the prime contractor for the engineering, procurement, construction, installation, commissioning and start-up, also known as EPCIC/S, for their CGL Caribbean Fuels Supply Project (“the SeaOne Project”). This project will include overseeing the engineering, construction and installation of modules for an export facility in Gulfport, Mississippi, and import facilities in the Caribbean and South America. While SeaOne’s selection of our Company is non-binding and commencement of the project remains subject to a number of conditions, including agreement on terms of the engagement, we are working to strengthen our internal project management capabilities through the hiring of additional personnel to service this potential project. We have created our EPC Division to manage this project and future similar projects. The SeaOne Project is expected to start during mid-2018 with construction expected to start later in 2018 or early 2019.

Pay Philosophy

The Committee is responsible for designing, implementing and administering a compensation program for executive officers that ensures appropriate linkage between pay, Company performance, and results for shareholders, while at the same time discouraging unnecessary or excessive risk-taking. The Committee seeks to increase shareholder value by rewarding performance with cost-effective compensation and ensuring that we attract and retain the best executive talent available. While our executive officer compensation program is simple in design, we believe it serves the Company well by providing a mix of annual cash compensation, including base salary and performance-based annual

incentive awards, and long-term performance awards through our long-term incentive program ("LTIP"). Our executive compensation program is designed to align the interests of our management with those of our shareholders. Our primary compensation principle, pay for performance, supports this objective. For example, our annual incentive awards granted to our named executive officers in 2017 include key performance indicators for EBITDA and safety, and our long term incentive performance awards are tied to total shareholder return over a three-year period compared to an industry peer group. Our long-term incentives focus on delivering strong shareholder returns over time, which further align the interests of our management with those of our shareholders.

Approximately 75% of our targeted CEO pay for 2017, and 77% of our other executive officer targeted pay for 2017, is subject to risk with the majority contingent upon our financial and operational performance and long-term shareholder value (based on target grant date value of long-term incentive awards).

Key Characteristics of our Executive Compensation Program Aligned with Shareholder 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 shareholders (What We Do)

- Pay for Performance. We emphasize

 - ⌋ variable pay contingent upon a combination of financial and operational performance and long-term shareholder value.
 - ⌋ Increased Rigor of Performance Awards. Beginning in 2017, we include a negative TSR modifier in our long-term performance awards, which will reduce payout opportunities if TSR is negative.

- Stock Ownership Guidelines. We reinforce

 - ⌋ the alignment of shareholders and our executives and directors by requiring that specific target levels of stock ownership be met and subsequently maintained.
 - ⌋ Comprehensive Risk Assessment. The Compensation Committee continually monitors compensation policies, programs and practices with its independent compensation consultant and outside counsel to ensure that they discourage excessive risk taking.

- Independent Oversight. The Compensation

 - ⌋ Committee is comprised of independent directors and engages the services of an independent compensation consultant.
 - ⌋ Cap Annual Cash Incentive Awards and LTIP Awards. Our annual cash incentive awards and long-term performance awards include a cap on the maximum payout.

- Performance-Based Long-Term

 - ⌋ Incentives. We grant performance-based long-term incentive awards for which value is contingent upon our total shareholder return relative to an industry peer group.
 - ⌋ Clawback Policy. If an individual engages in gross negligence or intentional misconduct resulting in (i) a restatement of the Company's financial statements and/or (ii) an increase in an incentive award payable to such individual, the Company may recover all or a portion of an award made under the Company's annual incentive program or the performance-based component of the Company's long-term incentive program.

- ⌋ Shareholder Engagement. We meet with our large shareholders to discuss matters of interest.

Sound Governance Principles (What We Do Not Do)

<p>ý Tax Gross-ups. No excise tax gross-ups.</p>	<p>ý Guaranteed Bonuses. No guaranteed annual or multi-year bonuses.</p>
<p>ý Pledging or Hedging Company Stock. Prohibitions on hedging and limitations on pledging of Company stock by directors and executive officers. See also "Our Board of Directors and Its Committees - Anti-Hedging and Pledging Policies" on page 9.</p>	<p>ý Perquisites. No significant compensation in the form of perquisites for named executive officers.</p>
<p>ý Automatic Base Salary Increases. The base salaries of our named executive officers are reviewed annually and have not been increased since 2014.</p>	<p>ý Dividend Equivalents. No dividend equivalents are paid on any unearned long-term performance equity awards.</p>
	<p>ý Employment Agreements. The Company has no employment agreements with executive officers.</p>

2017 Compensation Program Highlights

Annual Incentive Program Payout Based on Performance. Our named executive officers' annual incentive awards for 2017 were based on specific targeted metrics related to our level of EBITDA, safety metrics, and individual performance. Based on our results for 2017, our named executive officers received annual cash payouts representing 25% of their target annual cash incentive awards.

No Salary Increases for 2017 or 2018. Given the economic environment of the oil and gas and marine industries, the Committee has not increased base salaries for our named executive officers since 2014.

Additional Rigor for Long-term Performance Awards. Beginning with the long-term performance awards granted during 2017, the Committee approved the addition of a negative total shareholder return (TSR) modifier which will reduce the ultimate payout of the award if our TSR for the period is negative.

“Double Trigger” Equity Awards. Beginning with the equity awards issued in 2015, vesting of awards will only accelerate in connection with a change of control if, within one year upon such change of control event, a participant’s employment is terminated without cause or terminated by the participant for good reason. Similarly, in connection with a change of control, the long-term performance-based cash awards granted to our executive officers in 2017 will only accelerate and be payable at the target level in connection with a change of control if, within one year upon such change of control event, a participant’s employment is terminated without cause or terminated by the participant for good reason.

Strong Historical Support of Say-on-Pay

At our 2017 annual meeting, we held a non-binding shareholder advisory vote on executive compensation (“say-on-pay”). Similar to results in the previous year, our shareholders approved our fiscal 2017 executive compensation, with more than 97% of voting shareholders casting their vote in favor of the say-on-pay resolution,

excluding abstentions and broker non-votes which are not considered votes cast. The Committee considered the results of the 2017 say-on-pay vote as affirmation by our shareholders of our executive compensation program.

Nevertheless, the Committee continues to monitor our executive compensation program in the context of current and emerging market practice.

Compensation Decision-Making Process

The Committee engaged Aon Hewitt in 2017 as its independent compensation consultant to review compensation practices and policies. Consistent with our Committee’s policy, Aon Hewitt does not provide, and has not provided, any services to the Company’s management. As required by SEC rules, the Committee has assessed the independence of Aon Hewitt and concluded that Aon Hewitt’s work did not raise any conflicts of interest. A representative of Aon Hewitt attends meetings of our Committee when requested by the Committee chairman and communicates with our Committee chairman between meetings; however, our Committee makes all recommendations regarding the compensation of our executive officers to the Board of Directors for its approval. Aon Hewitt provides various executive compensation services to our Committee, including advising our Committee on our annual and long-term incentive programs, selection of an appropriate peer group, evolving industry practices and providing market information and analysis regarding the competitiveness of our program design.

Although we have not formally benchmarked our compensation to the compensation paid by our peers and competitors, the Committee uses peer compensation data prepared by Aon Hewitt to evaluate whether the executive compensation levels paid to the Company’s executive officers, including base salary and annual and long-term incentive targets, are in line with our energy and marine construction industry peers.

The following table sets forth each of the data points our 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 12 comparable companies within the oilfield services industry that have operations similar in industry focus and size (based on annual revenue) to the Company. This group provides a direct comparison to named executive officers at companies with which we compete for talent. The list includes: Atwood Oceanics, Inc., Dril-Quip, Inc., Gulfmark Offshore, Inc., Helix Energy Solutions Group, Inc., Hornbeck Offshore Services, Inc., Matrix Service Company, McDermott International, Inc., Orion Marine Group, Inc., Parker Drilling Company, Pioneer Energy Services Corp., Tesco Corporation, and TETRA Technologies, Inc.
Oilfield Services Industry Survey	Multiple surveys reflecting compensation among oilfield services companies with revenues comparable to the Company. These surveys provide industry-specific reference-points from a broader sample of companies and positions than those included in our Proxy Peer Group.

The Committee considered both sets of data, but generally relied on the peer company proxy data as the primary source for its named executive officers.

For purposes of measuring the Company’s TSR, which is used by the Committee to calculate the payout for our long-term performance awards granted in 2016 and 2017, the Committee uses the Simmons & Company Offshore Construction Services & Infrastructure Group (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 Committee with an independently selected group of public companies from the offshore construction services industry against which to measure TSR performance.

As of the record date, the following companies were included in the Simmons Group:
Simmons Group

Helix Energy Solutions Group, Inc.	Prosafe SE
McDermott International Inc.	Saipem SpA
MODEC, Inc.	SBM Offshore N.V.
Oceanering International, Inc.	Subsea 7 SA

Our Chief Executive Officer attends the Committee's meetings, assists in the Committee's evaluation of Company and executive officer performance (other than himself), and recommends the specific elements and amounts of compensation to be paid to the executive officers. Our Chief Executive Officer is not present or otherwise involved when the Committee reviews his performance and develops recommendations regarding his compensation.

The Committee typically meets following the end of each fiscal year to review the performance of the Company and its executives. At this meeting, all compensation recommendations are made, including recommendations regarding adjustments to the annual base salaries of the executive officers, if any, as well as determination of payouts under our annual and long-term incentive programs for completed years and establishment of metrics and targets for the current year's programs. The Committee has not delegated authority to any officer to grant equity awards. The Board of Directors typically makes compensation decisions based on the Committee's recommendations at a separate meeting of the Board of Directors following the Committee meeting.

Components of Executive Compensation

The principal components of our executive officer compensation program for 2017 were salaries, annual cash incentive awards, and long-term incentive compensation. The Committee reviewed and quantified all components of our named executive officers' compensation, including salary, non-equity and equity incentive compensation, the current value of outstanding equity awards, and the incremental cost to the Company of all perquisites and other benefits for 2017, and determined that such officers' total compensation in the aggregate is reasonable and not excessive.

Salaries. The base salaries of each of our named executive officers for 2017 were as follows: Mr. Meche—\$500,000, Mr. Schorlemer—\$340,000, and Mr. Ladd—\$350,000. Our philosophy is that base salaries, which provide fixed compensation, should meet the objective of attracting and retaining the executive officers needed to manage our business successfully. The actual salaries of our named executive officers are based on their individual levels of responsibility and the Committee's general knowledge of the competitive compensation levels in the energy and marine construction industry. With respect to the relevant base salaries of our peer or survey groups referenced above, our executive base salaries are below the 25th percentile range of the comparative groups. During 2017, the Committee did not recommend salary increases for any of our named executive officers.

Annual Cash Incentives. The Company maintains an annual cash incentive compensation plan to reward selected executive officers and other key employees for their contributions to the performance of the Company based on achievement of certain performance objectives. For fiscal year 2017, these performance objectives related specifically to EBITDA, safety and individual performance. In early 2017, the Committee recommended and the Board approved the performance measures and targets applicable to the annual cash incentive program for 2017 for our named executive officers, which are described in the table below. These performance incentives included a change from a percentage of gross profit to revenue to an overall measure of total EBITDA. The change was made in order to provide more focus on total financial performance rather than profit measures. The table below summarizes the performance metrics and goals established by the Board for 2017, and the determination of annual cash incentives paid for 2017 performance to all of our named executive officers:

Performance Measures, Weights, Standards, and Payout Opportunities

Performance Measure	Weighting	Threshold Performance	Target Performance	Maximum Performance	Actual Performance	Payout
EBITDA ⁽²⁾	60.0%	\$11,000,000	\$ 13,500,000	\$ 16,000,000	\$(47,980,000)	0% of Target 200% of Target
Lost Time Incident Rate	12.5%	0.25	0.18	0.13	.07	of Target
Total Recordable Time Incident Rate	12.5%	1.35	0.86	0.45	1.73	0% of Target
Individual Performance	15.0%	n/a	n/a	n/a	(1)	(1)

(1) No amounts were awarded for 2017 individual performance.

(2) EBITDA is a non-GAAP measure. Our calculation of EBITDA is detailed below (in thousands).

	2017
Operating income (loss)	\$(68,397)
Add back depreciation and amortization	12,745
Add back impairments of assets	7,672
EBITDA	\$(47,980)

The Committee believes that these metrics are appropriate measures on which to base our annual bonus because they are directly tied to management's success in growing our business and will drive our executives in improving operational efficiencies.

Each executive has a target annual incentive (expressed as a percent of base salary), with threshold equal to 50% of target, and maximum equal to 200% of target. If actual results fall between performance standards, awards are determined by using straight-line interpolation. Notwithstanding the Company's performance, the Committee retains the right to reduce or eliminate the payments prior to payout. The 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. The actual annual cash incentive awards received by our named executive officers as compared to their target awards for 2017 were as follows:

Named Executive Officer	Base Salary	Target Annual Cash Incentive (% of base salary)	Target	Earned Incentive - see table above (% of target)	Earned Incentive
			Annual Cash Incentive		
Mr. Meche	\$500,000	100.0%	\$500,000	25.0%	\$125,000
Mr. Ladd	350,000	80.0%	280,000	25.0%	70,000
Mr. Schorlemer	340,000	75.0%	255,000	25.0%	63,750

Long-term Incentive Awards. During 2017, the Committee approved long-term incentive awards consistent with the approach during 2016, including an award of time-vested restricted stock units (vesting 1/3 each year over a three year period) and a long-term performance award having a three-year performance period which is payable in cash between 0% and 150% of the target value following the end of the performance period based on our TSR relative to a group of peer companies. The decision to adjust the long-term incentive program performance-based component from a traditional equity award to a cash award was primarily due to the historically low trading price of our common stock at the time of the awards were approved. Performance awards under our long-term incentive program for 2016 and 2017 are based on TSR relative to a peer group and are payable at the end of the three-year performance period as set forth in the following chart; however, with respect to the 2017 awards, the Committee included a negative TSR modifier which will result in a 50% decrease in the award payout if the Company's TSR is negative:

Relative TSR Performance	Payout (% of target award earned) *
Threshold / <30 th Percentile	—%
Threshold / 30 th Percentile	50%
Target / 60 th Percentile	100%
Maximum / 90 th Percentile or higher	150%

* Payouts for performance between performance standards shown above determined using straight-line interpolation.

Perquisites. We also provide very limited perquisites and personal benefits to certain of our named executive officers, consisting of automobile related expenses and disability benefits. During 2017, the company ended its company-owned vehicle program to reduce insurance and automobile related expenses. Both Mr. Meche and Mr. Ladd received a one-time payment of \$33,035 for the purchase of their personal vehicle.

Post-Employment Compensation. We maintain a retirement plan qualified under Section 401(k) of the Internal Revenue Code that is available to all qualified employees. Our named executive officers participate in this retirement plan under the same terms as eligible employees. In addition, we currently have change of control agreements with all of our named executive officers which agreements were most recently renewed in February 2018. We believe that severance protections, when provided in the context of a change of control transaction, can play a valuable role in attracting and retaining key executives. The occurrence, or potential occurrence, of a change of control transaction can create uncertainty regarding the continued employment of our executive officers, in particular those officers whose primary functions relate to management of the parent company. This uncertainty occurs because many change of control transactions result in significant organizational changes, particularly at the senior executive level. In order to encourage our executive officers to remain employed with the Company during a critical time when their prospects for continued employment following the transaction are often uncertain, we have elected to provide severance benefits if

their employment is terminated by the Company without cause or, in limited circumstances, by the executive for good reason in connection with a change of control. Because we believe that a termination by the executive for good reason may be conceptually the same as a termination by the Company without cause, and because we believe that in the context of a change of control, potential acquirers would otherwise have an incentive to constructively terminate the executive's employment to avoid paying severance, we believe it is appropriate to provide severance benefits in these circumstances. We do not provide excise tax gross-up protections in change of control arrangements.

The benefits provided to our named executive officers in connection with a termination following a change of control are described below under "Potential Payments upon Termination or Change of Control." We do not believe that our executive officers

should be entitled to receive cash severance benefits merely because a change of control transaction occurs. The payment of cash severance benefits is only triggered by an actual or constructive termination of employment within 24 months for our Chief Executive Officer or 18 months for our other executive officers following a change of control (i.e., a “double trigger”). In addition, beginning with grants made in 2015, accelerated vesting of long-term incentive awards in connection with a change of control is only triggered by an actual or constructive termination of employment following a change of control. This treatment of the equity and performance awards in connection with a change of control applies to all award recipients, not just our named executive officers. In addition, performance awards granted to our executive officers are converted to time-based awards at their targeted values immediately upon a change of control.

Executive Compensation Policies

Stock Ownership Guidelines and Retention Requirements for Officers

Our Board has adopted stock ownership guidelines for directors, executive officers and other key employees that are included in our Corporate Governance Guidelines, which are posted on our website, www.gulfisland.com, under the “Investors” caption. Executive officers are required to hold Company common stock (including 50% of any unvested restricted stock or restricted stock units) in an amount equal to 2.0 times base salary for our Chief Executive Officer and 1.25 times base salary for our other executive officers. Officers are expected to reach this level of holdings on or prior to the later of April 30, 2021, or the five-year anniversary of the date they first became subject to the stock ownership guidelines.

To the extent any executive officer or other key employee subject to the stock ownership requirements fails to satisfy this requirement at any time as a result of a decline in the price of the Company’s common stock, such officer is prohibited from selling any shares until such time as he or she regains compliance with the stock ownership requirements.

Clawback Policy

Beginning with the annual and long-term incentive program grants in 2015, the Company included a clawback provision in all of its award agreements enabling the Company to recover a portion or all of the annual and/or long-term incentive compensation granted to an executive or other key employee if the officer or other key employee engaged in grossly negligent or intentional misconduct that (i) required the Company to restate its financial statements and/or (ii) resulted in an increase in the amount of incentive compensation that would otherwise be payable to such individual. Additionally, all of our award agreements provide that they are subject to any clawback policies the Company may adopt in the future in order to comply with Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

Committee Report

The Committee of our Board has reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K with management, and based on such review and discussions, the Committee recommended to our Board that the Compensation Discussion and Analysis be included in this proxy statement.

Submitted by the Committee on March 22, 2018.

William E. Chiles Murray W. Burns Michael A. Flick John P. Laborde

Executive Compensation Tables

The table below summarizes the total compensation paid to or earned by our named executive officers. The amounts represented in the "Stock Awards" column reflect the estimated fair value of the stock awards on the grant date and do not necessarily reflect the income that will ultimately be realized by our named executive officers for these awards. Messrs. Meche, Ladd and Schorlemer were our only executive officers during 2017.

Summary Compensation Table

Name and Principal Position	Year	Salary	Stock Awards ⁽¹⁾	Non-Equity Incentive Plan Compensation ⁽²⁾	All Other Compensation ⁽³⁾	Total
Kirk J. Meche - President and Chief Executive Officer	2017	\$500,000	\$1,539,995	\$125,000	\$33,975	\$2,198,970
	2016	500,000	1,180,880	766,608	12,607	2,460,095
	2015	500,000	1,720,113	250,000	10,215	2,480,328
Todd F. Ladd - Executive Vice President and Chief Operating Officer	2017	350,000	769,998	70,000	33,975	1,223,973
	2016	350,000	590,440	451,301	8,378	1,400,119
	2015	350,000	997,146	140,000	10,215	1,497,361
David S. Schorlemer ⁽⁴⁾ - Executive Vice President, Chief Financial Officer and Treasurer	2017	340,000	616,006	63,750	940	1,020,696

(1) Amounts shown reflect the aggregate grant date fair value of time-vested restricted stock units and long-term performance awards granted during the applicable fiscal year, as follows:

	Restricted Stock Unit Awards	Performance Awards
Mr. Meche		
2017	\$999,995	\$540,000
2016	550,880	630,000
2015	685,413	1,034,700
Mr. Ladd		
2017	499,998	270,000
2016	275,440	315,000
2015	479,796	517,350
Mr. Schorlemer		
2017	400,006	216,000

The restricted stock unit amounts reported in the table for 2017 reflect the aggregate grant date fair value of the awards, computed in accordance with Financial Accounting Standards Board Accounting Standards Codification (ASC) Topic 718. The grant date fair value of the restricted stock units was determined based on the closing price of our common stock on the grant date. Although the specific structure of the long-term performance awards differed each year, all awards are payable based on the Company's total shareholder return relative to a peer group. The grant date fair value of the performance awards granted in 2017 was determined using a Monte Carlo simulation model to estimate the probable outcome of the conditions. The Monte Carlo model utilizes multiple inputs to produce distributions of TSR for the Company and each of the applicable peer companies to calculate the fair value. The maximum amounts that may be earned under the 2017 performance awards were as follows: Mr. Meche \$1.5 million,

Mr. Ladd \$750,000, and Mr. Schorlemer \$600,000, respectively. Refer to the Grants of Plan-Based Awards table on the next page for further details.

- (2) See the Grants of Plan-Based Awards table below and "Annual Cash Incentives" at page 22 for additional information regarding the structure and payout opportunities under our annual cash incentive program. For 2017, includes (i) premium payments under a long-term disability insurance plan, which premium payments are attributable to benefits in excess of those benefits provided generally for other employees, and (ii) a one-time
- (3) payment made to the Mr. Meche and Mr. Ladd as compensation for discontinuance of our employee vehicle policy. During 2016, we ceased matching and profit-sharing contributions under our 401(k) plan to all of our employees. A summary of all other compensation for 2017 is set forth below:

Name	One-time Disability vehicle Insurance payment Premiums
Mr. Meche	\$ 33,035 \$ 940
Mr. Ladd	33,035 940
Mr. Schorlemer	— 940

(4) Mr. Schorlemer joined our Company as Executive Vice President, Chief Financial Officer and Treasurer on January 3, 2017.

Grants of Plan-Based Awards

Name	Date of Grant	Estimated Future Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards			All Other Stock Awards: Number of Shares of Stock or Units (#)	Grant Date Fair Value of Stock and Option Awards
		Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (\$)	Target (\$)	Maximum (\$)		
Kirk J. Meche									
Annual Cash Incentive ⁽¹⁾	3/10/2017	175,000	500,000	1,000,000	--	--	--	--	--
Restricted Stock ⁽²⁾	2/22/2017	--	--	--	--	--	--	74,906	\$999,995
Performance Award ⁽³⁾	3/10/2017	--	--	500,000	1,000,000	1,500,000	--	--	--
Todd F. Ladd									
Annual Cash Incentive ⁽¹⁾	3/10/2017	98,000	280,000	560,000	--	--	--	--	--
Restricted Stock ⁽²⁾	2/22/2017	--	--	--	--	--	--	37,453	499,998
Performance Award ⁽³⁾	3/10/2017	--	--	250,000	500,000	750,000	--	--	--
David S. Schorlemer									
Annual Cash Incentive ⁽¹⁾	3/10/2017	89,250	255,000	510,000	--	--	--	--	--
Restricted Stock ⁽²⁾	2/22/2017	--	--	--	--	--	--	29,963	400,006
Performance Award ⁽³⁾	3/10/2017	--	--	200,000	400,000	600,000	--	--	--

(1) For 2017, under the annual cash incentive program, each executive had a target award based on a multiple of salary, with the amount to be earned based on the Company's performance relative to EBITDA and safety metrics, as well as individual performance. The amounts reported represent the estimated threshold, target and maximum possible annual cash incentive payments that could have been received by each named executive officer pursuant to the annual cash incentive program for 2017. The estimated amounts in the "Target" column were approved by the Board upon the recommendation of the Compensation Committee and reflect 100% of base salary for Mr. Meche,

80% of base salary for Mr. Ladd and 75% of base salary for Mr. Schorlemer. The threshold amounts above includes achievement of the minimum threshold performance measures for each of the Company metrics (and assuming 0% payout of individual metrics) which would result in a payout of 35% of the target award and maximum performance would result in 200% of target. For more information, see "Annual Cash Incentives" at page 22.

- (2) Represents a grant of restricted stock units that will vest in one-third increments on each of the first three anniversaries of the grant date.

- (3) Represents a long-term performance award which will payout in cash based on the Company's relative total shareholder return at the end of a three-year performance period beginning January 1, 2017, and ending December 31, 2019. For more information, see "Long-Term Incentive Awards" at page 23.

Outstanding Equity Awards at Fiscal Year-End

As of December 31, 2017, our named executive officers had the following outstanding equity awards:

Name	Date of Grant	Stock Awards ⁽¹⁾		Market Value of Shares or Units of Stock That Have Not Vested ⁽²⁾	Vesting Schedule
		Number of Shares or Units of Stock That Have Not Vested			
Kirk J. Meche	1/1/2013	640		\$ 8,595	100% on January 1, 2018
	12/6/2013	2,000		26,860	100% on December 6, 2018
	2/25/2015	13,923		186,986	100% on February 25, 2018
	2/25/2016	40,625		545,594	50% on February 25, 2018 and on the next anniversary thereof
	2/22/2017	74,906		1,005,988	33% on February 22, 2018 and on the next two anniversaries thereof
Todd F. Ladd	7/1/2013	1,000		13,430	100% on July 7, 2018
	12/6/2013	1,000		13,430	100% on December 6, 2018
	2/25/2015	9,746		130,889	100% on February 25, 2018
	2/25/2016	20,313		272,804	50% on February 25, 2018 and on the next anniversary thereof
	2/22/2017	37,453		502,994	33% on February 22, 2018 and on the next two anniversaries thereof
David S. Schorlemer	2/22/2017	29,963		402,403	33% on February 22, 2018 and on the next two anniversaries thereof

In addition to the stock awards reflected in the table, as of December 31, 2017, the executives had the following outstanding performance awards, which are denominated in and payable in cash but are considered share-based awards under ASC Topic 718 due to their payout based on the Company's achievement of a relative TSR metric after a three-year performance period: Mr. Meche - 2016 award (target value \$1,000,000), 2017 award (target value \$1,000,000); Mr. Ladd - 2016 award (target value \$500,000), 2017 award (target value \$500,000); Mr. Schorlemer - 2017 award (target value \$400,000).

(2) Amounts are valued based upon the closing stock price on December 29, 2017, of \$13.43.

Stock Vested

The following table sets forth certain information regarding the vesting of restricted stock units and performance awards during the fiscal year ended December 31, 2017, for each of our named executive officers.

Name	Stock Awards	
	Number of Shares Acquired on Vesting	Value Realized on Vesting ⁽²⁾
Kirk J. Meche	88,174	\$ 1,104,590

Todd F. Ladd	46,871	583,321
David S. Schorlemer	—	—

(1) Includes shares issuable upon vesting of restricted stock units and a payout of performance awards granted in 2015 with a two-year performance period.

(2) Value realized on vesting is determined by reference to the closing market price of the shares of our common stock on the vesting or payout date.

Potential Payments upon Termination or Change of Control

Change of Control Agreement—Mr. Meche. In February 2015 (and subsequently renewed in February 2018), we entered into a change of control agreement with Mr. Meche. This agreement entitles Mr. Meche to receive additional benefits in the event of the termination of his employment under certain circumstances following a change of control. The agreement provides that if, during the 24-month period following a change of control, the Company or its successor terminates Mr. Meche other than by reason of death, disability or cause, or Mr. Meche voluntarily terminates his employment for good reason, the executive will receive:

- any accrued but unpaid salary and a pro-rata bonus for the year in which he was terminated;
- a lump-sum cash payment equal to 2.0 times the sum of (a) Mr. Meche's base salary in effect at the time of termination and (b) the highest annual bonus awarded to Mr. Meche during the three fiscal years immediately preceding the termination date; and
- continuation of insurance and welfare benefits until the earlier of (a) December 31 of the first calendar year following the calendar year of the termination or (b) the date Mr. Meche accepts new employment.

Change of Control Agreement—Mr. Ladd. In February 2015 (and subsequently renewed in February 2018), we entered into a change of control agreement with Mr. Ladd. This agreement entitles Mr. Ladd to receive additional benefits in the event of the termination of his employment under certain circumstances following a change of control. The agreement provides that if, during the 18-month period following a change of control, the Company or its successor terminates Mr. Ladd other than by reason of death, disability or cause, or Mr. Ladd voluntarily terminates his employment for good reason, the executive will receive:

- any accrued but unpaid salary and a pro-rata bonus for the year in which he was terminated;
- a lump-sum cash payment equal to 1.5 times the sum of (a) Mr. Ladd's base salary in effect at the time of termination and (b) the highest annual bonus awarded to Mr. Ladd during the three fiscal years immediately preceding the termination date; and
- continuation of insurance and welfare benefits until the earlier of (a) December 31 of the first calendar year following the calendar year of the termination or (b) the date Mr. Ladd accepts new employment.

Change of Control Agreement—Mr. Schorlemer. In March 2017 (and subsequently renewed in February 2018), we entered into a change of control agreement with Mr. Schorlemer. This agreement entitles Mr. Schorlemer to receive additional benefits in the event of the termination of his employment under certain circumstances following a change of control. The agreement provides that if, during the 18-month period following a change of control, the Company or its successor terminates Mr. Schorlemer other than by reason of death, disability or cause, or Mr. Schorlemer voluntarily terminates his employment for good reason, the executive will receive:

- any accrued but unpaid salary and a pro-rata bonus for the year in which he was terminated;
- a lump-sum cash payment equal to 1.5 times the sum of (a) Mr. Schorlemer's base salary in effect at the time of termination and (b) the highest annual bonus awarded to Mr. Schorlemer during the three fiscal years immediately preceding the termination date; and
- continuation of insurance and welfare benefits until the earlier of (a) December 31 of the first calendar year following the calendar year of the termination or (b) the date Mr. Schorlemer accepts new employment.

In addition, the above described agreements provide that if the executive terminates his employment during the respective protected period following a change of control by reason of death, disability or retirement, the Company or its successor shall pay to the executive or his legal representative any accrued but unpaid salary and a pro-rata bonus for the year in which he was terminated. The pro-rata bonus shall be calculated based on the average of the annual bonuses received by the executive in the three most recently completed fiscal years prior to the termination date, and

multiplying such amount by the fraction obtained by dividing the number of days in the year through the date of termination by 365. Also, each of the above described agreements provides that any payments under such agreement are conditioned upon the executive fulfilling the nondisclosure and proprietary rights obligations set forth in the agreement, which will remain in effect for a period of two years after termination of the executive's employment and may be offset by any damages owed to the Company for the executive's breach of his nondisclosure and proprietary rights covenant contained in such agreement.

For purposes of the agreements, a “change of control” will generally have occurred upon:

- the acquisition by any person of beneficial ownership of 30% or more of the outstanding shares of the Company’s common stock;
- our incumbent board of directors and individuals whose election or nomination to serve on our board was approved by at least two-thirds of our board and not related to a proxy contest ceasing for any reason to constitute at least a majority of our board;
- the consummation of a reorganization, merger or consolidation, or sale or other disposition of all or substantially all of the assets of the Company; or
- approval by the Company’s shareholders of a complete liquidation or dissolution of the Company.

The benefits provided under the agreements are in addition to the value of any shares of restricted stock or restricted stock units, the vesting of which is accelerated pursuant to the terms of the restricted stock or restricted stock unit agreement, and any other incentive or similar plan adopted by the Company. Under their respective long-term incentive agreements granted prior to 2015, our named executive officers would be entitled to accelerated vesting of their outstanding time based equity awards automatically upon a change of control of the Company, whether or not the officer’s employment is terminated. In addition, performance awards are converted to time-based awards at their targeted amounts immediately upon a change of control. Beginning with awards granted in 2015, the accelerated vesting of long-term incentive awards in connection with a change of control is only triggered by an actual or constructive termination of employment following a change of control.

If any part of the payments or benefits received by the executive in connection with a termination following a change of control constitutes an excess parachute payment under Section 4999 of the Internal Revenue Code, the executive will receive the greater of (1) the amount of such payments and benefits reduced so that none of the amount constitutes an excess parachute payment, net of income taxes, or (2) the amount of such payments and benefits, net of income taxes and net of excise taxes under Section 4999 of the Internal Revenue Code.

The following table quantifies the potential payments to our named executive officers under the contracts, arrangements or plans discussed above, for a change of control or termination of employment of each of our named executive officers, assuming a December 31, 2017, termination date, and where applicable, using the closing price of our common stock of \$13.43 (as reported on the NASDAQ as of December 29, 2017). The table does not include amounts that may be payable under our 401(k) plan, or amounts that are not accelerated as a result of the termination or change of control, such as accrued salary or pro-rata bonus payments.

Name	Lump Sum Severance Payment	Performance Awards ⁽¹⁾	Restricted Stock (Unvested and Accelerated) ⁽¹⁾	Health Benefits	Total
Kirk J. Meche Termination w/o Cause/For Good Reason after Change of Control ⁽²⁾	\$2,533,216	\$2,000,000	\$ 1,774,023	\$ 13,690	\$6,320,929
Todd F. Ladd Termination w/o Cause/For Good Reason after Change of Control ⁽²⁾	\$1,200,452	\$1,000,000	\$ 933,547	\$ 13,690	\$3,147,689
David S. Schorlemer Termination w/o Cause/For Good Reason after Change of Control ⁽²⁾	\$605,625	\$400,000	\$ 402,403	\$ 13,690	\$1,421,718

(1) The value of the restricted stock and restricted stock units that would have vested for each of our named executive officer is based on the closing market price on December 29, 2017. The performance awards convert to time-based

awards at the target values. As noted, equity awards granted prior to 2015 will vest upon a change of control. As of December 31, 2017, Mr. Meche had 2,640 equity awards (value \$35,455) and Mr. Ladd had 2,000 equity awards (value \$26,860) that would accelerate upon a change of control alone without a qualifying termination of employment. All of these awards will fully vest during 2018.

Pursuant to the terms of the executive's change of control agreement, the total payments may be subject to (2) reduction if such payments result in the imposition of an excise tax under Section 280G of the Internal Revenue Code.

Pay Ratio

The following is a reasonable estimate, prepared under applicable SEC rules, of the ratio of the annual total compensation of Mr. Meche, our chief executive officer, to the median of the annual total compensation of our other employees. We determined our median employee based on gross taxable wages for 2017 (annualized in the case of full- and part-time employees who joined the Company during 2017) of each of our 1,028 employees (excluding the Chief Executive Officer) as of December 31, 2017. The annual total compensation of our median employee for 2017 was \$63,526. As disclosed in the Summary Compensation Table appearing on page 25, Mr. Meche's annual total compensation for 2017 was \$2,198,970. Based on the foregoing, our estimate of the ratio of the annual total compensation of our CEO to the median of the annual total compensation of all other employees was approximately 35 to 1. Given the different methodologies that various public companies will use to determine an estimate of their pay ratio, the estimated ratio reported above should not be used as a basis for comparison between companies.

PROPOSAL 2: ADVISORY VOTE ON THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS

The Dodd-Frank Wall Street Reform and Consumer Protection Act, enacted in July 2010, requires that we provide our shareholders with the opportunity to vote to approve, on a non-binding, advisory basis, the compensation of our named executive officers as disclosed in this proxy statement in accordance with the rules of the SEC (commonly referred to as a "Say on Pay" vote). This vote is not intended to address any specific item of compensation but rather the overall compensation of our named executive officers and our compensation philosophy and practices as disclosed under the "Executive Compensation" section of this proxy statement. This disclosure includes the Compensation Discussion and Analysis and the executive compensation tables and accompanying narrative disclosures.

At last year's annual meeting, we provided our shareholders with the opportunity to cast a non-binding advisory vote regarding the compensation of our named executive officers as disclosed in our proxy statement for the 2017 Annual Meeting of Shareholders. Our shareholders approved the "say-on-pay" proposal, with more than 97% of the total votes cast voted for the proposal. Last year, we also asked our shareholders to vote on whether we should hold a "say-on-pay" vote every one, two or three years. Consistent with the recommendation of our board, our shareholders voted to hold the "say-on-pay" vote every year, with over 75% of the total votes cast voting in favor of holding an annual "say-on-pay" vote. After consideration of the 2017 voting results, and based upon its prior recommendation, our board elected to hold "say-on-pay" votes on an annual basis until the next advisory vote on the frequency of future "say-on-pay" votes, which will be held no later than our 2023 annual meeting of shareholders. Accordingly, this year we are again asking our shareholders to vote on the following resolution:

RESOLVED, that the shareholders of Gulf Island Fabrication, Inc. (the "Company") approve, on an advisory basis, the compensation of the Company's named executive officers as disclosed in the proxy statement for the Company's 2018 Annual Meeting of Shareholders pursuant to Item 402 of Regulation S-K of the rules of the Securities and Exchange Commission.

We understand that executive compensation is an important matter for our shareholders. Our core executive compensation philosophy and practice continue to be based on pay for performance, and we believe that our compensation program is strongly aligned with the long-term interests of our shareholders. In considering how to vote on this proposal, we encourage you to review all the relevant information in this proxy statement—our Compensation Discussion and Analysis (including its Executive Summary), the executive compensation tables, and the rest of the narrative disclosures regarding our executive compensation program.

While this advisory vote is not binding, our Board and the Compensation Committee value the opinion of our shareholders and will consider the outcome of the vote when making future compensation decisions for our named

executive officers. It is expected that the next say-on-pay vote will occur at our 2019 annual meeting. We invite shareholders who wish to communicate with our Board on executive compensation or any other matters to contact us as provided under “Our Board of Directors and Its Committees—Communications with our Board.”

Approval of this proposal requires the affirmative vote of at least a majority of the votes cast at the annual meeting. See “Questions and Answers about the Annual Meeting and Voting.”

Our Board unanimously recommends that you vote to approve the compensation of our named executive officers as disclosed in this proxy statement by voting FOR this proposal.

Audit Committee Report

The Audit Committee of the Company is composed of five directors and operates under a written charter adopted by the Board of Directors, which is posted on the Company's corporate governance page at www.gulfisland.com under "Investors." The current members of the Audit Committee, Gregory J. Cotter (Chairman), Michael A. Flick, Christopher M. Harding, John P. (Jack) Laborde and Michael J. Keeffe are independent as such term is defined under the NASDAQ listing standards.

We review the Company's financial reporting process on behalf of the Board of Directors. We are responsible for monitoring this process, but we are not responsible for preparing the Company's financial statements or auditing those financial statements. Those are the responsibilities of management and the Company's independent registered public accounting firm, respectively.

During 2017, management assessed the effectiveness of the Company's system of internal control over financial reporting in connection with the Company's compliance with Section 404 of the Sarbanes-Oxley Act of 2002. We reviewed and discussed with management, PricewaterhouseCoopers LLP (the Company's internal auditors) and Ernst & Young LLP ("E&Y") (the Company's independent registered public accounting firm) management's report on internal control over financial reporting and E&Y's report on their audit of the Company's internal control over financial reporting, both of which are included in the Company's annual report on Form 10-K for the year ended December 31, 2017.

Appointment of the Company's Independent Registered Public Accounting Firm; Financial Statement Review

In April 2017, in accordance with the Audit Committee's charter, we appointed Ernst & Young LLP as the Company's independent registered public accounting firm for 2017. We have reviewed and discussed the Company's audited financial statements for the 2017 fiscal year with management and E&Y. Management represented to us that the audited financial statements fairly present, in all material respects, the financial condition, results of operations and cash flows of the Company as of and for the periods presented in the financial statements in accordance with accounting principles generally accepted in the United States, and E&Y provided an audit opinion to the same effect.

We have received from E&Y the written disclosures and the letter required by Rule 3526 of the Public Company Accounting Oversight Board, Communication with Audit Committees Concerning Independence and we have discussed with them their independence from the Company and management. We have also discussed with E&Y the matters required to be discussed by PCAOB Auditing Standard No. 1301—Communication with Audit Committees and other applicable auditing standards.

In addition, we discussed with E&Y the overall scope and plans for their audit, and we have met with E&Y and management to discuss the results of E&Y's examination, E&Y's understanding and evaluation of the Company's internal controls as E&Y considered necessary to support its opinion on the financial statements for the 2017 fiscal year, and various factors affecting the overall quality of accounting principles applied in the Company's financial reporting. E&Y also met with the Audit Committee without management being present to discuss these matters.

In reliance on these reviews and discussions, we recommended to the Board of Directors, and the Board of Directors approved, the inclusion of the audited financial statements referred to above in the Company's annual report on Form 10-K for the year ended December 31, 2017.

Internal Audit

We also review the Company's outsourced internal audit function, and discuss with the internal auditors the scope of their audit plan, and have met with the internal auditors to discuss the results of their reviews, their review of management's documentation, testing and evaluation of the Company's system of internal control over financial reporting, any difficulties or disputes with management encountered during the course of their reviews and other matters relating to the internal audit process. The internal auditors were also given the opportunity to meet with the Audit Committee without management being present to discuss these matters.

Dated: March 22, 2018

The Audit Committee:

Gregory J. Cotter, Michael A. Flick Christopher M. Harding Michael J. Keffe John P. Laborde

Chairman

Independent Registered Public Accounting Firm

Fees and Related Disclosures for Accounting Services

The following table discloses fees billed to us for services provided by our independent registered public accounting firm, Ernst & Young LLP, for each of the last two fiscal years:

	2017	2016
Audit Fees	\$805,828	\$812,665
Audit-Related Fees	15,000	—
Tax Fees	—	—
All Other Fees	—	—

The Audit Committee has considered and determined that the provision of the above services is compatible with maintaining the independence of our independent registered public accounting firm.

Pre-Approval Policies and Procedures. The Audit Committee's policy is to pre-approve all audit and permissible non-audit services provided by our independent registered public accounting firm. The Audit Committee will generally pre-approve a list of specific services and categories of services, including audit, audit-related and tax services, for the upcoming or current fiscal year, subject to a specified cost level. Any service that is not included in the approved list of services must be separately pre-approved by the Audit Committee in increments of \$10,000. In addition, if fees for any service exceed the amount that has been pre-approved, then payment of additional fees for such service must be specifically pre-approved by the Audit Committee.

At each regularly-scheduled Audit Committee meeting, management updates the Audit Committee on the scope and anticipated cost of any service pre-approved by the Audit Committee since the last meeting of the Audit Committee, as well as the projected fees for each service or group of services being provided by our independent registered public accounting firm.

Since the May 6, 2003, effective date of the SEC rules stating that an auditor is not independent of an audit client if the services it provides to the client are not appropriately approved, each service provided by our independent registered public accounting firm was approved in advance by the Audit Committee, and none of those services required use of the de minimis exception to the pre-approval requirement contained in the SEC's rules.

PROPOSAL 3: RATIFICATION OF THE APPOINTMENT OF OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Ernst & Young LLP has served as our independent registered public accounting firm providing auditing and financial services since their engagement in 1997. Our Board has ratified the decision of the Audit Committee to appoint Ernst & Young LLP to serve as our independent registered public accounting firm to audit our financial statements for the year ending December 31, 2018. Although we are not required to seek shareholder approval of this appointment, we have decided to do so. No determination has been made as to what action the Audit Committee and our Board would take if our shareholders fail to as a matter of good corporate governance ratify the appointment. Even if the appointment is ratified, the Audit Committee retains discretion to appoint a new independent registered public accounting firm at any time if the Audit Committee concludes such a change would be in the best interests of the Company. We expect that representatives of Ernst & Young LLP will be present at the annual meeting and will have the opportunity to make a statement if they desire to do so. They are also expected to be available to respond to appropriate questions.

Approval of this proposal requires the affirmative vote of at least a majority of the votes cast at the annual meeting. See “Questions and Answers about the Annual Meeting and Voting.”

Our Board unanimously recommends that you vote for the ratification of the appointment of our independent registered public accounting firm.

Shareholder Proposals and Nominations for the 2019 Annual Meeting

Any shareholder who wishes to bring a matter, other than shareholder nominations of directors, before the 2019 annual meeting but does not wish to have it included in our proxy materials, should notify our Secretary, in writing at the address shown on the first page of this proxy statement, no later than January 27, 2019. However, if the date of the 2019 annual meeting is changed

by more than 30 calendar days from the date of the anniversary of the 2018 annual meeting, the notice should be received by our Secretary a reasonable time before the date we intend to distribute our proxy materials with respect to the 2019 annual meeting. If a shareholder does not provide such notice timely, proxies solicited on behalf of our Board for the 2019 annual meeting will confer discretionary authority to vote with respect to any such matter, as permitted by the proxy rules of the Securities and Exchange Commission.

Shareholders intending to nominate a director for consideration at the 2019 Annual Meeting of Shareholders may do so if they comply with our Amended and Restated Articles of Incorporation by furnishing timely written notice containing specified information concerning, among other things, information about the nominee and the shareholder making the nomination. See “Our Board of Directors and Its Committees—Consideration of Director Nominees” for more information. To be timely, any shareholder who wishes to nominate a director for consideration at the 2019 annual meeting must notify our Secretary, in writing at the address shown on the first page of this proxy statement, no later than March 23, 2019.

Any shareholder who desires to submit a proposal for inclusion in our proxy materials for the 2019 annual meeting must forward the proposal in writing to our Secretary at the address shown on the first page of this proxy statement in time to arrive no later than November 13, 2018, and the proposal must comply with applicable federal proxy rules. If the date of the 2019 annual meeting is changed by more than 30 calendar days from the date of the anniversary of the 2018 annual meeting, the proposal must be received by our Secretary in reasonable time before we begin to print and distribute our proxy materials with respect to the 2019 annual meeting.

By Order of the Board of Directors

/s/ David S. Schorlemer

David S. Schorlemer

Executive Vice President, Chief Financial Officer, Treasurer and Secretary

Houston, Texas

March 22, 2018

ANNUAL MEETING OF SHAREHOLDERS OF
GULF ISLAND FABRICATION, INC.

APRIL 25, 2018

NOTICE OF INTERNET AVAILABILITY OF PROXY MATERIALS:

The notice of meeting, proxy statement and proxy card are available at <https://ir.gulfisland.com/proxy>.

Please complete, sign, date and return your proxy card in the envelope provided as soon as possible.

This Proxy is Solicited on Behalf of the Board of Directors of
GULF ISLAND FABRICATION, INC.

The undersigned hereby constitutes and appoints Kirk J. Meche and David S. Schorlemer, or either of them, proxy for the undersigned, with full power of substitution, to represent the undersigned and to vote, as designated on the reverse side, all of the shares of Common Stock of Gulf Island Fabrication, Inc. (the "Company") held of record by the undersigned on March 9, 2018, that the undersigned is entitled to vote at the 2018 Annual Meeting of Shareholders of the Company to be held on April 25, 2018 (the "Annual Meeting"), and at all adjournments thereof.

This proxy, when properly executed, will be voted in the manner directed herein by the undersigned shareholder. If no direction is made on a matter listed on the back of this proxy card, this proxy will be voted as the Board of Directors recommends. The individuals designated above will vote in their discretion on any unanticipated matter not included in this proxy statement that may properly come before the Annual Meeting, subject to applicable SEC rules.

(Please See Reverse Side)