

GULF ISLAND FABRICATION, INC. COMPENSATION COMMITTEE CHARTER

This Compensation Committee Charter has been adopted by the Board of Directors of Gulf Island Fabrication, Inc. (the “Company”). The Compensation Committee (the “Committee”) shall review and reassess this charter periodically and recommend any proposed changes to the Board for approval.

Composition and Independence

The Committee shall be appointed by the Board and shall consist of a minimum of three directors. The Board may remove and replace members of the Committee. All Committee members shall be “independent” under the rules of the Nasdaq Stock Market. Each member shall also (i) qualify as a “non-employee director” under Rule 16b-3 under the Securities Exchange Act of 1934, and (ii) qualify as an “outside director” under Section 162(m) of the Internal Revenue Code.

One member of the Committee shall be appointed by the Board as chair. The chair shall be responsible for leadership of the Committee, including scheduling and presiding over meetings, preparing agendas, and making regular reports to the Board. The Committee may not designate subcommittees except with the prior approval of the Board.

Responsibilities

The Committee shall have the authority and responsibilities set forth below. The Committee shall report its actions and recommendations to the Board of Directors at its next meeting. The Committee will conduct and present to the Board an annual performance evaluation of the Committee.

All actions and recommendations of the Committee with respect to the following responsibilities must be approved by the Board of Directors in order to become effective as acts of the Company:

- The Committee shall periodically review, approve and recommend to the Board the Company’s goals and objectives relating to the compensation of the Company’s officers and the compensation of the President of each of the Company’s subsidiaries, including the specific relationship of corporate performance to such officers’ compensation.
- At least annually, the Committee shall evaluate the performance of the Company’s officers and the performance of the President of each of the Company’s subsidiaries in light of such goals and objectives, and recommend to the Board the compensation of such officers based on such evaluations.
 - In its recommendation regarding the compensation of the Company’s Chief Executive Officer, the Committee shall report the factors and criteria upon which the recommendation is based and the relationship of the Company’s performance to the Chief Executive Officer’s compensation.

- If the Board modifies or rejects in any material way any recommendation by the Committee with respect to the compensation of the Company's officers or the compensation of the President of any of the Company's subsidiaries, the Company shall make such disclosures to its stockholders as may be required by law.
- The Committee shall approve and recommend to the Board any agreements governing the terms of the employment and compensation of the Company's officers and the President of each of the Company's subsidiaries, and any amendments to such agreements, including employment, noncompetition, indemnity, severance, change-in-control, termination and retirement agreements.
- The Committee shall approve and recommend to the Board all incentive compensation plans or programs in which the Company's officers or the President of any of the Company's subsidiaries may participate.
- The Committee shall periodically review and, if it deems appropriate, recommend to the Board amendments to existing stock incentive plans or new stock incentive plans.
- The Committee shall periodically approve and recommend to the Board all Company benefit programs in which the Company's officers or the President of any of the Company's subsidiaries may participate, other than those available generally to all salaried employees.
- The Committee shall consider the application to the Company's compensation structure and programs of Section 162(m) of the Internal Revenue Code, Section 16 of the Securities Exchange Act of 1934 and any other rules governing executive compensation.
- The Committee shall oversee, review or approve such other compensation-related matters, and perform such other services, as may be delegated to it from time to time by the Board.
- The Committee shall prepare a report for inclusion in the Company's proxy statement for its annual stockholders' meeting, as required by the rules and regulations of the Securities and Exchange Commission.

The Committee shall have the sole authority with respect to the responsibilities delegated below, and further action by the Company's Board of Directors shall not be required in order for such acts of the Committee to constitute the acts of the Company:

- The Committee shall have the sole authority to grant awards under the Company's incentive compensation plans and programs, and to enter into and amend agreements with participants as to the terms of such awards.

- The Committee shall have the sole authority to administer and interpret such plans and programs.
- The Committee may delegate its authority to grant awards under the Company's incentive compensation plans and programs as may be permitted by the terms of such plans and programs.

Advisors

The Committee shall have the authority, to the extent it deems necessary or appropriate, to retain independent legal counsel, accountants, consultants or other advisors. The Company shall provide appropriate funding, as determined by the Committee, for such advisors.

Meetings

The Committee shall meet at least once annually. Meetings may be called by the chair of the Committee, or at the request of a majority of the members of the Committee, the Company's President or the Chairman of the Board. Meetings of the Committee may be held either personally or telephonically, and a majority of the members of the Committee shall constitute a quorum. The Committee shall maintain written minutes of all of its meetings and provide, upon request, a copy of all such minutes to any member of the Board of Directors.

The Company's Chief Executive Officer may attend meetings of the Committee, but may not be present during voting or deliberations on his compensation.