

As filed with the Securities and Exchange Commission on March 7, 1997.
Registration No. 333-21863

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

AMENDMENT NO. 1
TO
FORM S-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

GULF ISLAND FABRICATION, INC.
(Exact name of registrant as specified in its charter)

Louisiana 3441 72-1147390
(State or other (Primary Standard Industrial I.R.S. Employer
jurisdiction of Classification Code Number) Identification No.)
incorporation
583 Thompson Road
Houma, Louisiana 70363
(504) 872-2100
(Address, including zip code, and telephone number,
including area code, of Registrant's principal executive offices)

Kerry J. Chauvin
President and Chief Executive Officer
Gulf Island Fabrication, Inc.
583 Thompson Road
Houma, Louisiana 70363
(504) 872-2100
(Name, address, including zip code, and telephone number,
including area code, of agent for service)

Copies to:

Carl C. Hanemann	Thomas P. Mason
Jones, Walker, Waechter, Poitevent,	Andrews & Kurth L.L.P.
Carrere & Denegre, L.L.P.	4200 Texas Commerce Tower
201 St. Charles Avenue	600 Travis, Suite 4200
New Orleans, Louisiana 70170	Houston, Texas 77002
(504) 582-8000	(713) 220-4200

Approximate date of commencement of proposed sale to the public:
As soon as practicable after this Registration Statement becomes
effective.

If any of the securities being registered on this Form are to be offered
on a delayed or continuous basis pursuant to Rule 415 under the Securities Act
of 1933, check the following box. / /

If this Form is filed to register additional securities for an offering
pursuant to Rule 462(b) under the Securities Act, please check the following box
and list the Securities Act registration statement number of the earlier
effective registration statement for the same offering. / /

If this Form is a post-effective amendment filed pursuant to Rule 462(c)
under the Securities Act, check the following box and list the Securities Act
registration statement number of the earlier effective registration statement
for the same offering. / /

If delivery of the prospectus is expected to be made pursuant to Rule
434, please check the following box. / /

The Registrant hereby amends this Registration Statement on such date or
dates as may be necessary to delay its effective date until the Registrant shall
file a further amendment which specifically states that this Registration
Statement shall thereafter become effective in accordance with Section 8(a) of
the Securities Act of 1933, as amended, or until the Registration Statement
shall become effective on such date as the Commission, acting pursuant to
Section 8(a), may determine.

EXPLANATORY NOTE

This Amendment No. 1 to the Registration Statement contains only Part II
of the Registration Statement and is being filed solely to file certain
exhibits that have not been previously filed.

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 13. Other Expenses of Issuance and Distribution.

Estimated expenses payable in connection with the proposed sale of Common Stock covered hereby are as follows:

SEC registration fee	\$ 11,152
NASD filing fee	4,180
Printing expenses	
Legal fees and expenses	
Accounting fees and expenses	
Blue Sky fees and expenses (including counsel fees)	
Transfer agent fees and expenses	
Miscellaneous expenses	
Total expenses	\$ =====

Item 14. Indemnification of Directors and Officers.

The Louisiana Business Corporation Law (the "LBCL"), Section 83, (i) gives Louisiana corporations broad powers to indemnify their present and former directors and officers and those of affiliated corporations against expenses incurred in the defense of any lawsuit to which they are made parties by reason of being or having been such directors or officers; (ii) subject to specific conditions and exclusions, gives a director or officer who successfully defends such an action the right to be so indemnified; and (iii) authorizes Louisiana corporations to buy directors' and officers' liability insurance. Such indemnification is not exclusive of any other rights to which those indemnified may be entitled under any by-law, agreement, authorization of shareholders or otherwise.

The Company's By-laws make mandatory the indemnification of directors and officers permitted by the LBCL. The standard to be applied in evaluating any claim for indemnification (excluding claims for expenses incurred in connection with the successful defense of any proceeding or matter therein for which indemnification is mandatory without reference to any such standard) is whether the claimant acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interests of the Company. With respect to any criminal action or proceeding, the standard is that the claimant had no reasonable cause to believe the conduct was unlawful. No indemnification is permitted in respect of any claim, issue or matter as to which a director or officer shall have been adjudged by a court of competent jurisdiction to be liable for willful or intentional misconduct or to have obtained an improper personal benefit, unless, and only to the extent that the court shall determine upon application that, in view of all the circumstances of the case, he is fairly and reasonably entitled to indemnity for such expenses that the court shall deem proper.

The Company maintains liability policies to indemnify its officers and directors against loss arising from claims by reason of their legal liability for acts as officers and directors, subject to limitations and conditions to be set forth in the policies.

The Underwriters have also agreed to indemnify the directors and certain of the Company's officers against certain liabilities, including liabilities under the Securities Act of 1933, as amended (the "Securities Act"), or to contribute to payments that such directors and officers may be required to make in respect thereof.

Each of the Company's directors and executive officers has entered into an indemnity agreement with the Company, pursuant to which the Company has agreed under certain circumstances to purchase and maintain directors' and officers' liability insurance. The agreements also provide that the Company will indemnify the directors and executive officers against any costs and expenses, judgments, settlements and fines incurred in connection with any claim involving a director or executive officer by reason of his position as director or officer that are in excess of the coverage provided by any such insurance, provided that the director or officer meets certain standards of conduct. A form of indemnity agreement containing such standards of conduct is included as an exhibit to this Registration Statement. Under the indemnity agreements, the Company is not required to purchase and maintain directors' and officers' liability insurance if it is not reasonably available or, in the reasonable judgment of the Board of Directors, there is insufficient benefit to the Company from the insurance.

Item 15. Recent Sales of Unregistered Securities

None.

Item 16. Exhibits and Financial Statement Schedules

(a) Exhibits

- 1.1 Form of Underwriting Agreement.**
- 2.1 Stock Purchase Agreement with respect to Dolphin Services, Inc. dated January 2, 1997.*
- 2.2 Stock Purchase Agreement with respect to Dolphin Steel Sales, Inc., dated January 2, 1997.*
- 2.3 Stock Purchase Agreement with respect to Dolphin Sales & Rentals, Inc.*
- 3.1 Amended and Restated Articles of Incorporation of the Company.***
- 3.2 By-laws of the Company.***
- 4.1 See Exhibits 3.1 and 3.2 for provisions of the Company's Amended and Restated Articles of Incorporation and By-laws defining the rights of holders of Common Stock.
- 4.2 Specimen Common Stock certificate.**
- 5.1 Opinion of Jones, Walker, Waechter, Poitevent, Carrere & Denegre L.L.P.**
- 10.1 Form of Indemnity Agreement by and between the Company and each of its directors and executive officers.***
- 10.2 Registration Rights Agreement between the Company and Alden J. Laborde.*
- 10.3 Registration Rights Agreement between the Company and Huey J. Wilson.*
- 10.4 Fifth Amended and Restated Revolving Credit and Term Loan Agreement among the Company and First National Bank of Commerce and Whitney National Bank, dated as of October 24, 1996 (the "Bank Credit Facility").*
- 10.5 First Amendment to the Company's Bank Credit Facility, dated as of January 2, 1997.*
- 10.6 The Company's Long-Term Incentive Plan.***
- 10.7 Form of Stock Option Agreement under the Company's Long-Term Incentive Plan.**
- 21.1 Subsidiaries of the Company.***
- 23.1 Consent of Price Waterhouse LLP.***
- 23.2 Consent of Jones, Walker, Waechter, Poitevent, Carrere & Denegre L.L.P. (included in Exhibit 5.1).**
- 24.1 Power of Attorney (included in the Signature Page to the Registration Statement).***
- 27.1 Financial Data Schedule.***

Schedule II

* Filed herewith.

** To be filed by amendment.

*** Previously filed.

Item 17. Undertakings.

The undersigned registrant hereby undertakes to provide to the Underwriters at the closing specified in the underwriting agreement certificates in such denominations and registered in such names as required by the Underwriters to permit prompt delivery to each purchaser.

The undersigned registrant hereby undertakes that:

- (1) For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this Registration Statement in reliance upon Rule 430A and contained in the form of prospectus filed by the Registrant pursuant to Rule

424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this Registration Statement as of the time it was declared effective.

- (2) For the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the Registrant pursuant to the provisions described in Item 14 above, or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant has duly caused this Amendment No. 1 to the Registration Statement (Registration No. 333-21863) to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Houma, State of Louisiana, on March 6, 1997.

GULF ISLAND FABRICATION, INC.

By: /s/ Kerry J. Chauvin

Kerry J. Chauvin
President and Chief Executive
Officer

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
* Alden J. Laborde	Chairman of the Board	March 6, 1997
/s/ Kerry J. Chauvin Kerry J. Chauvin	President, Chief Executive Officer and Director (Principal Executive Officer)	March 6, 1997
* Joseph P. Gallagher, III	Vice President - Finance, Chief Financial Officer, Secretary and Treasurer (Principal Financial and Accounting Officer)	March 6, 1997
* Gregory J. Cotter	Director	March 6, 1997
* Thomas E. Fairley	Director	March 6, 1997
* Hugh J. Kelly	Director	March 6, 1997
* John P. Laborde	Director	March 6, 1997

Huey J. Wilson

By: /s/ Kerry J. Chauvin

Kerry J. Chauvin
Attorney-in-Fact

SCHEDULE II

VALUATION AND QUALIFYING ACCOUNTS
For the Three Years Ended December 31, 1996

<TABLE>
<CAPTION>

Column A	Column B	Column C	Column D	Column E
Description	Balance at Beginning of Period	Additions Charged to Costs and Expenses	Deductions Charged to Order Accounts (Write-Offs)	Balance at End of Period
<S>	<C>	<C>	<C>	<C>
Year Ended December 31, 1994				
Allowance for doubtful accounts	\$4,290	\$ -	\$ -	\$ 4,290
Year Ended December 31, 1995				
Allowance for doubtful accounts	4,290	30	-	4,320
Year Ended December 31, 1996				
Allowance for doubtful accounts	4,320	-	-	4,320

</TABLE>

EXHIBIT INDEX

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3.2	By-laws of the Company.***	
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23.2	Consent of Jones, Walker, Waechter, Poitevent, Carrere & Denegre, L.L.P. (included in Exhibit 5.1).**	
24.1	Power of Attorney (included in the Signature Page to the Registration Statement).***	

* Filed herewith.

** To be filed by amendment.

*** Previously filed.

STOCK PURCHASE AGREEMENT

THIS STOCK PURCHASE AGREEMENT is made and entered into as of November 27, 1996 by, between and among Gulf Island Fabrication, Inc., a Louisiana corporation (hereinafter referred to as "Purchaser"), and E. M. Dupaquier and R. H. Marmande, the holders of all of the outstanding shares of capital stock (the "Sellers") of Dolphin Sales & Rentals, Inc. (the "Corporation" or the "Company"). E. M. Dupaquier and R. H. Marmande are also referred to herein variously as the "Officers" or "Sellers' Representatives".

W I T N E S S E T H :

WHEREAS, Sellers desire to sell and the Purchaser desire to purchase all of the outstanding shares (the "Shares") of common stock of the Corporation for the consideration and on the terms and conditions set forth herein; and,

WHEREAS, Purchaser and certain of the Sellers desire to enter into certain non-competition agreements (the "Non-Competition Agreements") as provided in Section 4.01.

NOW, THEREFORE, the parties hereto hereby agree as follows:

I.

PURCHASE AND SALE OF ASSETS

1.01 Purchase and Sale.

At the closing of the transaction contemplated hereby (the "Closing"), upon the terms and subject to the conditions contained in this Agreement, Purchaser shall purchase from Sellers and Sellers shall sell the Shares consisting of 1,000 shares of common stock, no par value per share, free and clear of any and all liens, mortgages, encumbrances and security interests.

1.02 Stock Purchase Price.

(a) The initial purchase price for the Shares ("Initial Purchase Price") shall be One Hundred Fifty-Two Thousand, Two Hundred Eighty-Two (\$152,282) Dollars which shall be allocated among the Sellers in proportion to the Shares sold by each of them to Purchaser.

(b)(1) The Initial Purchase Price shall be adjusted to the final purchase price ("Final Purchase Price") by increasing the Initial Purchase Price by the increase in the Net Book Value, as hereinafter defined, or by decreasing the Initial Purchase Price by the decrease in the Net Book Value of the Corporation between September 30, 1996 and the Closing as reflected on the Closing Balance Sheet (as hereinafter defined). However, the Final Purchase Price shall not be less than \$152,282.

(2) The term "Net Book Value" means the excess of (1) the book value of all of the Corporation's assets over (2) the book amounts of all the Corporation's current and long-term fixed liabilities and accrued expenses, including all unpaid ad valorem taxes prorated to the date of the Closing, whether or not any of the Corporation's assets are then subject to a lien therefor as of the Closing. All determinations of book value and book amounts shall be made in accordance with the accounting principles, methods and conventions employed in the preparation of the Corporation's September 30, 1996 balance sheet, a copy of which is attached as part of Schedule 1.02(b)(2) (hereinafter "Interim Financial Statements"), but with all intercompany payables, receivables and equity interests eliminated as among Dolphin Services, Inc., Dolphin Steel Sales, Inc. and Dolphin Sales & Rentals, Inc. as though they were members of a consolidated group. Net Book Value at September 30, 1996 was \$152,282.

(3) The term "Closing Balance Sheet" means for purposes of this Section 1.02(b) the balance sheet of the Corporation as of December 31, 1996 unless such date precedes the Closing by more than five (5) business days, in which case as of the date of the Closing ("Closing Date"), prepared in accordance with the same accounting principles, methods and conventions

employed in the preparation of the Corporation's Interim Financial Statements. The Closing Balance Sheet shall be prepared by a certified public accountant or certified public accounting firm designated by Purchaser and shall be presented to Sellers and Purchaser within forty-five (45) days following the Closing. In the event either Sellers or Purchaser disagree with any of the figures shown on the Closing Balance Sheet, they or it shall notify the other parties hereto, within ten (10) days after their receipt of the Closing Balance Sheet, and shall furnish the reasons why that party is in disagreement. If the parties have not resolved their disagreements with respect to the Closing Balance Sheet within twenty (20) days after said notice, Sellers and Purchaser shall submit the handling of any disputed items to an independent nationally recognized accounting firm (other than Price, Waterhouse & Co.) selected by Purchaser and Sellers. If Purchaser and Sellers are unable to agree upon such a nationally recognized independent accounting firm within ten (10) days after expiration of said twenty (20) day period, such an independent nationally recognized accounting firm ("Arbitrator") shall be selected in accordance with the rules of the American Arbitration Association. The Arbitrator shall submit the correct Closing Balance Sheet to Purchaser and Sellers and shall certify the increase or decrease in Net Book Value between the date of the Interim Financial Statements and the close of business on the Closing Date.

1.03 Closing. The closing (the "Closing") shall take place at the offices of Messrs. Jones, Walker, Waechter, Poitevent, Carrere and Denegre, Baton Rouge, Louisiana, on a mutually agreeable date (the "Closing Date"), not later than ten (10) days following satisfaction of all conditions to Closing set forth in Article IX, but after January 1, 1997. Assuming the conditions set forth in Article IX shall have been satisfied, the Closing shall be deemed effective as of the close of business of the Corporation on the date of the Closing. At the Closing:

(a) Purchaser shall deliver to Sellers by wire transfer or certified funds cash in an amount equal to One Hundred Two Thousand, Two Hundred Eighty-Two (\$102,282) Dollars, allocated among Sellers in proportion to their ownership of the remaining outstanding shares of capital stock of the Corporation, and shall deliver to Whitney National Bank Fifty Thousand and No/100 (\$50,000.00) Dollars to be held pursuant to the escrow agreement (the "Escrow Agreement") in the form attached hereto as Schedule 1.03(a), which shall also be executed at or prior to the Closing.

(b) Sellers shall deliver to Purchaser certificates representing in the aggregate One Thousand (1,000) shares of capital stock of the Corporation with stock powers attached executed in blank, with signature guaranteed, free and clear of any and all liens, mortgages, security interests and encumbrances.

(c) All officers and directors of the Corporation shall tender their resignations from such positions, said tender to occur simultaneously with the act of delivery of funds described in Section 1.03(a).

1.04 Post-Closing. Within ten (10) days following the date on which the Closing Balance Sheet has been agreed upon by the parties or otherwise determined to be accurate, if the Net Book Value of the Corporation as reflected on the Closing Balance Sheet is more than or less than the Net Book Value as reflected on the September 30, 1996 balance sheet of the Corporation, attached as part of Schedule 1.02(b)(2), Purchaser shall pay to or receive from, respectively, Sellers (in proportion to their present ownership of the Shares) cash (by wire transfer or bank cashier's check) equal to the difference. Failure by any Seller to make a payment required pursuant to this Section 1.04 shall constitute a breach of a covenant for which the remedies provided in Section 10.02 are applicable.

ARTICLE II

REPRESENTATIONS AND WARRANTIES OF SELLERS

For purposes of this Agreement the business (the "Business") of the Company is the onshore and offshore oil and gas production platform construction and maintenance business which consists of: outfitting and interconnect piping, painting and maintenance of onshore and offshore oil and gas production platforms; and the construction (including interconnect piping and pile driving) of shallow water and land platforms and pipeline installation. The phrase "in the ordinary course" means in the course of performing

any one or more of those enumerated activities. Sellers herewith represent and warrant to Purchaser as of the date hereof and as of the Closing Date (unless another date is expressly set forth below) that:

2.01 Corporate Existence and Power. The Corporation is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Louisiana, and the Corporation has all corporate powers and all material governmental licenses, permits, authorizations, consents and approvals required to carry on the Business as now conducted. Subject to the provisions of the following sentence, the Corporation is duly qualified to conduct business as a foreign corporation and is in good standing in each jurisdiction where the character of the property owned or leased by it or the nature of its activities make such qualification necessary. Sellers have heretofore delivered to Purchaser true and complete copies of the Corporation's Articles of Incorporation and By-Laws as currently in effect.

2.02 Governmental Authorization. The execution, delivery and performance by Sellers of this Agreement and the consummation by Sellers of the transactions contemplated hereby require no action by or in respect of, or filing with, any governmental body, agency, official or authority.

2.03 Non-Contravention. The execution, delivery and performance by Sellers of this Agreement and the consummation by Sellers of the transactions contemplated hereby do not and will not (i) contravene or conflict with the Articles of Incorporation or bylaws of the Corporation (other than any provision which may be waived by the Corporation and/or Sellers), (ii) contravene or conflict with or constitute a violation of any provision of law, regulation, judgment, injunction, order or decree binding upon or applicable to Sellers or the Corporation, or (iii) except as disclosed in Schedule 2.03, require any consent, approval or other action by any person or constitute a default under any obligation of Sellers or the Corporation under any provision of any contract or other instrument binding upon Sellers or the Corporation other than contracts and obligations which may be cancelled unilaterally upon notice to Sellers or the Corporation.

2.04 Subsidiaries. The Corporation does not own more than fifty (50%) percent of all outstanding shares of capital stock of, other ownership interests in, or other securities of any corporation or other entity.

2.05 Financial Statements. The balance sheet of the Corporation for the year ended December 31, 1995 (such date referred to herein as the "Balance Sheet Date" and such balance sheet the "Balance Sheet") and the related statements of income for the year ended December 31, 1995 (collectively, the "Financial Statements") have been previously delivered to Purchaser and are attached as Schedule 2.05. In all material respects, the Financial Statements fairly present the financial position of the Corporation as of the date thereof and its results of operations for the period then ended.

2.06 Absence of Certain Changes. Since the Balance Sheet Date to the date hereof, the Corporation has conducted the Business in the ordinary course consistent with past practice and, except as set forth in Schedule 2.06 or otherwise contemplated hereby, there has not been:

(a) Any event, occurrence, development or state of circumstances or facts which has had or could reasonably be expected to have a material adverse effect on the Corporation, except to the extent the effect is reflected in the Interim Financial Statements;

(b) Any incurrence, assumption or guarantee of any indebtedness for borrowed money or any material obligation or liability, except in the ordinary course of the Business consistent with past practice and except as reflected on the Interim Financial Statements;

(c) Any creation or other incurrence of any Lien (as defined in Section 2.08) on any asset of the Corporation, except in the ordinary course of the Business consistent with past practice and except as reflected in the Interim Financial Statements;

(d) Any making of any loan, advance or capital contributions to or investment in any person, except as reflected in the Interim Financial Statements;

(e) Any amendment of any material term of any outstanding security of Seller;

(f) Any material damage, destruction or other casualty loss affecting any of the assets of the Corporation, except those covered by insurance and except as reflected in the Interim Financial Statements;

(g) Any transaction or commitment made, or any contract or agreement entered into, by the Corporation relating to its assets or the Business or any relinquishment of any contract or other right, in either case, material to the Corporation, other than transactions and commitments (including acquisitions and dispositions of steel and equipment) in the ordinary course of the Business consistent with past practice and except as reflected in the Interim Financial Statements;

(h) Any declaration or payment of any dividend or other distribution by the Corporation or any repurchase, redemption or other acquisition for value of any security or other interest in the Corporation or any commitment to do any of the foregoing;

(i) Any general or specific increase in the salary or other compensation (including, without limitation, bonuses, profit sharing or deferred compensation) payable or to become payable to any employees of the Corporation, except in the ordinary course of the Business consistent with past practice;

(j) Any labor dispute, other than routine individual grievances, or any activity or proceeding by a labor union or representative thereof to organize any employees of the Corporation or any lockouts, strikes, slowdowns, work stoppages or threats thereof by or with respect to any employees of the Corporation; or

(k) Any agreement entered into to do any of the foregoing.

2.07 Properties.

(a) The Corporation has good and marketable title to, or in the case of leased property valid leasehold interests in, all property and assets (whether real or personal, tangible or intangible) reflected on the Balance Sheet or acquired after the Balance Sheet Date, except for properties and assets sold since the Balance Sheet Date in the ordinary course of business consistent with past practice. None of such properties or assets is subject to any liens, mortgages, security interests or other encumbrances (herein "Liens") except:

- (i) Liens disclosed on the Balance Sheet;
- (ii) Liens for taxes not yet due or being contested in good faith (and for which adequate accruals or reserves have been established on the Balance Sheet);
- (iii) Liens disclosed in Schedule 2.07(a) or which will be discharged at the Closing;
- (iv) Liens which do not materially detract from the value of such property or assets as now used, or materially interfere with any present or intended use of such property or assets; or
- (v) Liens in favor of vendors and lessors incurred in the ordinary course of business.

Clauses (i), (ii), (iii) (iv) and (v) are, collectively, referred to herein as "Permitted Liens".

(b) To the knowledge of Sellers and except as reflected on the Interim Financial Statements, there are no developments affecting any of such properties or assets pending or threatened which could materially detract from the value of such property or assets, materially interfere with any present or intended use of any such property or assets or materially adversely affect the marketability of such properties or assets.

(c) All such leases of real and personal property with respect to which the Corporation is a lessee are as of the date hereof and will be on the Closing Date valid, binding and

enforceable in accordance with their respective terms and there does not exist under any such lease any material default or any event which with notice or lapse of time or both would constitute a material default.

(d) Schedule 2.07(d) identifies all real and personal property used or held for use in connection with the Business as of the date hereof (the "Property") and contains an accurate balance sheet showing the adjusted tax basis of all of the Corporation's assets for United States income tax purposes at September 30, 1996. The plants, buildings, structures, tools, steel inventory and equipment reflected on the Balance Sheet or acquired after the Balance Sheet Date through the date hereof have no material defects, are in good operating condition and repair and have been reasonably maintained consistent with standards generally followed in the industry (giving due account to the age and length of use of same, ordinary wear and tear excepted), are suitable for their present uses and, in the case of plants, buildings and other structures (including without limitation, the roofs thereof), are structurally sound, except as set forth on Schedule 2.07(d). Such plants, buildings and structures currently have access to (1) public roads or valid easements over private streets or private property for such ingress to and egress from all such plants, buildings and structures and (2) water supply, storm and sanitary sewer facilities, telephone, gas and electrical connections, fire protection, drainage and other public utilities, as is necessary for the conduct of the Business. None of the material structures on the immovable or real property of the Corporation encroaches upon real property of another person, and no structure of any other person substantially encroaches upon any immovable or real property of the Corporation. All items of equipment listed on Schedule 2.07(d) are in the possession and control of the Corporation and will be in the Corporation's possession and control on the Closing Date and are in good operating condition and are adequately performing the tasks which they are designed to perform.

2.08 Sufficiency of and Title to the Purchased Assets.

(a) The assets (the "Assets") disclosed on the Balance Sheet and in Schedule 2.07(d) constitute as of the date thereof and hereof, respectively, all of the assets or property used or held for use in the Business and are adequate to conduct the Business as presently conducted.

(b) Upon consummation of the transactions contemplated hereby, the Corporation will have good and marketable title in and to each of the Assets, free and clear of all Liens, except for Permitted Liens.

2.09 No Undisclosed Material Liabilities. Except as disclosed on Schedule 2.09, as of the Closing there will be no liabilities of the Corporation of any kind whatsoever, whether accrued, contingent, absolute, determined, determinable or otherwise, and there is no existing condition, situation or set of circumstances which could reasonably be expected to result in such a liability, other than:

- (i) Liabilities disclosed or provided for in the Interim Financial Statements;
- (ii) Liabilities for which adequate insurance is available; and,
- (iii) Liabilities incurred in the ordinary course of the Business, including tax liabilities and liabilities for personal injuries and property damage, which in the aggregate are not material to the Business taken as a whole.

2.10 Litigation. Except as set forth in Schedule 2.10, as of the date hereof there is no action, suit, investigation or proceeding (or any basis therefor) pending against, or to the knowledge of Sellers threatened against or affecting, Sellers, the Corporation or any of their or its properties before any court or arbitrator or any governmental body, agency, official or authority, which, individually or in the aggregate, if determined or resolved adversely to Sellers or the Corporation in accordance with the plaintiff's demands, would reasonably be expected to have a material adverse effect on Sellers or the Corporation or which in any manner challenges or seeks to prevent, enjoin, alter or materially delay the transactions contemplated by this Agreement.

2.11 Material Contracts.

(a) Except as disclosed in Schedule 2.11(a) and elsewhere in this Agreement, as of the date hereof the Corporation is not a party to or subject to:

- (i) Any lease of real or immovable property;
- (ii) Any lease that is material to the Corporation of personal or movable property as lessee;
- (iii) Any contract for the purchase of materials, supplies, goods, services, equipment or other assets, other than in the ordinary course of the Business;
- (iv) Any sales, distribution or other similar agreement providing for the sale by the Corporation of materials, supplies, goods, services, equipment or other assets, other than to customers in the ordinary course of the Business;
- (v) Any lease of any item of tangible personal or movable property or real or immovable property as lessor other than to customers in the ordinary course of the Business;
- (vi) Any partnership, joint venture or other similar contract, arrangement or agreement;
- (vii) Any contract relating to indebtedness for borrowed money (whether incurred, assumed, guaranteed or secured by any asset);
- (viii) Any license, franchise or similar agreement;
- (ix) Any agency, dealer, sales representative or other similar agreement;
- (x) Any contract or commitment that substantially limits the freedom of the Corporation to compete in any line of business or with any person or in any area or to own, operate, sell, transfer, pledge or otherwise dispose of or encumber any asset or which would so limit the freedom of the Corporation after the Closing;
- (xi) Any consulting agreement;
- (xii) Any contract relating to any guaranty or indemnity issued by the Corporation;
- (xiii) Any agreement relating to the acquisition or disposition of any part of the Business; or
- (xiv) Any other contract or commitment not made in the ordinary course of the Business consistent with past practice.

(b) Each contract disclosed in any schedule to this Agreement or required to be disclosed pursuant to Section 2.11(a) is a valid and binding agreement of the Corporation, and, to the knowledge of Sellers, as of the date hereof is in full force and effect, and neither the Corporation nor, to the knowledge of Sellers, any other party thereto is in default or breach in any material respect under the terms of any such Contract, nor, to the knowledge of Sellers, has any event or circumstance occurred that, with notice or lapse of time or both, would constitute any such default or breach.

2.12 Licenses and Permits. Schedule 2.12 correctly describes each material governmental license, permit, authorization, consent or approval affecting, or relating in any way to, the Corporation and its business, together with the name of the governmental agency or entity issuing such license or permit (the "Permits"). Except as set forth on Schedule 2.12, such Permits are valid and in full force and effect and will not be terminated or impaired or become terminable as a result of the transactions contemplated hereby.

2.13 Ability to Conduct the Business. Except as set forth in Schedule 2.13, as of the date hereof there is no contract, nor

any judgment, order, writ, injunction or decree that by its terms prevents or would reasonably be expected to prevent the use by the Corporation of the Assets or the conduct by the Corporation of the Business after the Closing Date.

2.14 Material Suppliers. Schedule 2.14 lists the five largest (in dollar value) suppliers of inventory to the Corporation during each of the last two completed fiscal years and through December 31, 1995. To the knowledge of Sellers, since the Balance Sheet Date there has not been any adverse change in the business relationship of the Corporation with any such supplier or with any supplier that is otherwise material to the Business or with any supplier as a result of the transactions contemplated hereby, except as disclosed on Schedule 2.14.

2.15 Insurance Coverage. Sellers have furnished or provided access to Purchaser to true and complete copies of, all insurance policies currently in effect covering the assets, the Business and the employees of the Corporation. Except as disclosed on Schedule 2.15, as of the date hereof there is no claim by the Corporation pending under any of such policies as to which coverage has been questioned, denied or disputed by the underwriters of such policies. All premiums payable under all such policies have been paid and the Corporation is otherwise in full compliance with the terms and conditions of all such policies.

2.16 Compliance with Laws; No Defaults.

(a) As of the date hereof, the Corporation is not in violation of, has not since December 31, 1995 violated, and to Sellers' knowledge is not under investigation with respect to or has not been threatened to be charged with or given notice of any violation of, any law, rules, ordinances or regulations, judgments, injunctions, orders or decrees binding upon or applicable to the Corporation, except for any violations set forth in Schedule 2.16(a) which would not, individually or in the aggregate, if finally determined adversely, result in a material adverse effect on the business of the Corporation.

(b) As of the date hereof, the Corporation is not in default under, and no condition exists that with notice or lapse of time or both would constitute a default under any contract or other instrument binding upon the Corporation or affecting or relating to its business or any license, authorization, permit, consent or approval held by the Corporation or affecting or relating to the Business, except as otherwise disclosed in this Agreement or in Schedules attached hereto.

2.17 Inventories. The inventories set forth in the Balance Sheet were properly stated therein at cost determined in accordance with generally accepted accounting principles applied on a consistent basis. Since the Balance Sheet Date, the inventories related to the Business have been maintained in the ordinary course of business. Except as set forth in Schedule 2.17, all such inventory is owned free and clear of all Liens, except Permitted Liens. All of the inventory recorded on the Balance Sheet consists of, and all inventory related to the Business on the Closing Date will consist of, items of a quality usable or saleable in the normal course of the Business consistent with past practices and are and will be in quantities sufficient for the normal operation of the Business in accordance with past practice.

2.18 Receivables. All accounts, notes and other receivables (other than receivables collected since December 31, 1995) reflected on the Balance Sheet are, and all accounts, notes and other receivables arising out of or otherwise relating to the Corporation's business as of the Closing will be, valid, binding and enforceable, subject to applicable laws governing bankruptcy, moratorium or creditors' rights generally which may prevent their enforcement. The dollar amount shown for all such accounts on the Interim Financial Statements, less the allowance for doubtful accounts shown thereon, is collectible in full. All accounts, notes and other receivables arising out of or otherwise relating to the Business at the Balance Sheet Date have been included in the Balance Sheet, and all accounts, notes and other receivables arising out of or otherwise relating to the Business at the Closing Date will be reflected on the Corporation's financial books and records.

2.19 Intellectual Property.

(a) Schedule 2.19(a) sets forth as of December 31, 1995 a list of all intellectual property rights (herein

"Intellectual Property Rights") used or held for use or otherwise necessary in connection with the conduct of the Business, specifying as to each, as applicable: (i) the nature of such Intellectual Property Right; (ii) the owner of such Intellectual Property Right and if Seller is not the owner, the rights held by the Corporation; (iii) the jurisdictions by or in which such Intellectual Property Right is recognized, issued or registered or in which an application for such issuance or registration has been filed, including the respective registration or application numbers; and (iv) material licenses, sublicenses and other agreements as to which the Corporation is a party and pursuant to which any person is authorized to use such Intellectual Property Right, including the identity of all parties thereto, a description of the nature and subject matter thereof, the applicable royalty and the term thereof.

(b) (i) Except as set forth in Schedule 2.19(b), the Corporation has not since January 1, 1996 been sued or charged in writing with or been a defendant in any claim, suit, action or proceeding relating to its business that has not been finally terminated prior to the date hereof and that involves a claim of infringement by the Corporation of any intellectual property rights of any other person, and (ii) the Corporation has no knowledge of any basis for any such claim of infringement, and no knowledge of any continuing infringement by any other person of any intellectual property rights used or held for use or otherwise necessary in connection with the conduct of the Business. No such intellectual property right is subject to any outstanding order, judgment, decree, stipulation or agreement restricting the use thereof by the Corporation or restricting the licensing thereof by the Corporation to any Person. The Corporation has not entered into any agreement to indemnify any other person against any charge of infringement of any intellectual property rights.

(c) As used herein, the term "Intellectual Property Right" means any trade name, trademark, service name, service mark, copyright, invention, patent, trade secret, know-how (including any registrations or applications for registration of any of the foregoing) or any other similar type of proprietary intellectual property right.

2.20 Employees. Schedule 2.20 identifies all of the Corporation's officers and key employees as of December 31, 1995. None of such key employees has indicated to the Corporation that he or she intends to resign or retire as a result of the transactions contemplated by this Agreement, except that E. M. Dupaquier and R. H. Marmande shall retire from the Corporation's employee on the Closing Date.

2.21 Fees. There is no investment banker, broker, financial advisor, finder or other intermediary which has been retained by or is authorized to act on behalf of Sellers who might be entitled to any fee or commission from Purchaser upon consummation of the transactions contemplated by this Agreement.

2.22 Environmental Matters.

(a) The following defined terms, as used herein, have the following meanings:

"CERCLA" means the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended.

"Environmental Laws" means any and all federal, state, local and foreign statutes, laws, judicial decisions, regulations, ordinances, rules, judgments, orders, decrees, codes, plans, injunctions, permits, concessions, grants, franchises, licenses, agreements and governmental restrictions, whether now or hereafter in effect, relating to human health, the environment or to emissions, discharges or releases of pollutants, contaminants, hazardous substances or wastes into the environment, including, without limitation, ambient air, surface water, ground water, or land, or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of pollutants, contaminants, hazardous substances or wastes or the clean-up or other remediation thereof.

"Environmental Liabilities" means any and all liabilities of, or relating to, Seller (including any entity which is, in whole or in part, a predecessor of Seller), whether vested or unvested, contingent or fixed, actual or potential, known or unknown, which (i) arise under or relate to matters covered by Environmental Laws (including without limitation any

matters disclosed or required to be disclosed in Schedule 2.22 hereto) and (iii) relate to actions occurring or conditions existing on or prior to the Closing Date.

"Environmental Permits" means all permits, licenses, authorizations, certificates and approvals of governmental authorities relating to or required by Environmental Laws and necessary or proper for the business of Seller as currently conducted.

"Hazardous Substance" means any toxic, radioactive, caustic or otherwise hazardous substance, including petroleum, its derivatives, by-products and other hydrocarbons, or any substance having any constituent elements displaying any of the foregoing characteristics, including, without limitation, any substance regulated under Environmental Laws.

"Regulated Activity" means any generation, treatment, storage, recycling, transportation or disposal of any Hazardous Substance.

"Release" means any discharge, emission or release including a Release as defined in CERCLA at 42 U.S.C. 9601 (22). The term "Released" has a corresponding meaning.

(b) Except as disclosed on Schedule 2.22 as of the date hereof:

- (i) No notice, notification, demand, request for information, citation, summons, complaint or order has been issued, no complaint has been filed, no penalty has been assessed and, to Seller's knowledge, no investigation or review is pending or threatened by any governmental entity or other person with respect to any (a) alleged violation by the Corporation of any Environmental Law or liability thereunder, (b) alleged failure by the Corporation to have any Environmental Permit, (c) Regulated Activity, or (d) Release of Hazardous Substances;
- (ii) Other than generation in compliance with all applicable Environmental Laws, (a) the Corporation has not engaged in any Regulated Activity and (b) no Regulated Activity has occurred at or on any property now or previously owned, leased or operated by the Corporation;
- (iii) No polychlorinated biphenyls, radioactive material, urea formaldehyde, lead, asbestos, asbestos-containing material or underground storage tank (active or abandoned) is or has been present at any property now or previously owned, leased or operated by the Corporation;
- (iv) No Hazardous Substance has been Released (and no notification of such Release has been filed or made) or is present (whether or not in a reportable or threshold planning quantity) at, on or under any property now or previously owned, leased or operated by the Corporation;
- (v) No property now or previously owned, leased or operated by the Corporation or any property to which the Corporation has, directly or indirectly, transported or arranged for the transportation of any Hazardous Substances is listed or, to Seller's knowledge, proposed for listing, on the National Priorities List promulgated pursuant to CERCLA, on CERCLIS (as defined in CERCLA) or on any similar federal, state or foreign list of sites requiring investigation or clean-up;
- (vi) There are no liens under Environmental Laws on any of the real property or other assets owned, leased or operated by the Corporation, no governmental actions have been taken or are in process which could subject any of such properties or assets to such liens and

the Corporation would not be required to place any notice or restriction relating to Hazardous Substances at any property owned by it in any deed to such property;

(vii) There are no Environmental Permits that are nontransferable or require consent, notification or other action to remain in full force and effect following the consummation of the transactions contemplated hereby; and

(viii) All Perchloroethylene and each other chemical substance used by the Corporation in connection with the business has been disposed of in accordance with all applicable laws, rules, regulations and pronouncements of the United States, all applicable states and all applicable boards, agencies, departments and other divisions thereof.

(c) There has been no environmental investigation, study, audit, test, review or other analysis conducted of which the Corporation or Sellers has knowledge in relation to the current or prior business of the Corporation or any property or facility now or previously owned or leased by the Corporation which has not been delivered to Purchaser at least five days prior to the date hereof.

(d) For purposes of this Section 2.22, the term "Corporation" shall include any entity which is, in whole or in part, a predecessor of the Corporation.

2.23 Labor Matters. As of the date hereof, the Corporation is in compliance with all currently applicable laws respecting employment and employment practices (including terms and conditions of employment, wages and hours) and is not engaged in any unfair labor practice, the failure to comply with which or engagement in which, as the case may be, would reasonably be expected to have a material adverse effect on the Business. As of the date hereof there is no unfair labor practice complaint pending or, to the knowledge of Sellers, threatened against the Corporation before the National Labor Relations Board or before any other state or local board, agency or tribunal.

2.24 The Shares. (a) There are presently outstanding and at the Closing there will be outstanding a total of One Thousand (1,000) shares of no par value voting common stock of the Corporation (the "Shares"). No other class of common, preferred or other type of shares of stock is presently outstanding.

(b) The issuance of all of the Shares has been duly authorized by all required action by the Corporation and all of the Shares are fully paid and non-assessable.

(c) The Shares are registered in the names of the persons and in the amounts set forth in Schedule 2.24(c). All of the Shares registered in the names of the above persons may be conveyed by them without the consent of an person, other than Consents of the Corporation and the other Sellers which are waivable by them at or prior to the Closing Date.

(d) None of the Shares is subject to any lien, mortgage, pledge, security interest or other encumbrance and each Seller has good and marketable title to all Shares registered in his name.

2.25 Binding Agreement. This Agreement constitutes a valid and binding obligation of Sellers.

2.26 Other Information. None of the documents or information delivered to Purchaser in connection with the transactions contemplated by this Agreement contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements contained therein not misleading.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF PURCHASER

Purchaser represents and warrants to Sellers that:

3.01 Organization and Existence. Purchaser is a corporation duly organized, validly existing and in good standing under the

laws of the State of Louisiana.

3.02 Corporate Authorization. The execution, delivery and performance by Purchaser of this Agreement and the consummation by Purchaser of the transactions contemplated hereby or thereby are within the powers of Purchaser and have been duly authorized by all necessary action on the part of Purchaser. This Agreement constitutes a valid and binding agreement of Purchaser.

3.03 Governmental Authorization. The execution, delivery and performance by Purchaser of this Agreement requires no action by or in respect of, or filing with, any governmental body, agency, official or authority.

3.04 Non-Contravention. The execution, delivery and performance by Purchaser of this Agreement does not and will not (i) contravene or conflict with the Articles of Incorporation or By-Laws of Purchaser or (ii) assuming compliance with the matters referred to in Section 3.03, contravene or conflict with any provision of any law, regulation, judgment, injunction, order or decree binding upon Purchaser.

3.05 Fees. There is no investment banker, broker, finder or other intermediary which has been retained by or is authorized to act on behalf of Purchaser who might be entitled to any fee or commission from Sellers upon consummation of the transactions contemplated by this Agreement.

3.06 Financing. Purchaser will have on the Closing Date sufficient funds available to purchase the Shares, provided all conditions set forth in Article IX are satisfied.

3.07 Litigation. There is no action, suit, investigation or proceeding pending against, or to the knowledge of Purchaser threatened against or affecting, Purchaser before any court or arbitrator or any governmental body, agency or official which in any matter challenges or seeks to prevent, enjoin, alter or materially delay the transactions contemplated hereby.

ARTICLE IV

COVENANTS OF SELLERS

4.01 Conduct of the Business. From the date hereof until the Closing Date, Sellers shall cause the Corporation to conduct the Business in the ordinary course consistent with past practice and cause the Corporation to exert its best efforts to preserve intact its business organization and relationships with third parties and to keep available the services of its present officers and employees. Without limiting the generality of the foregoing, from the date hereof until the Closing Date, Sellers shall not cause the Corporation to and the Corporation shall not:

- (i) Merge or consolidate with any other person or acquire a material amount of assets of any other person, other than steel, tools and equipment purchased in the ordinary course of the Business;
- (ii) Declare and/or pay any dividend or make any other distribution or transfer of cash or other assets to its shareholders in their capacities as such;
- (iii) Sell, lease, license or otherwise dispose of any assets except (a) pursuant to existing contracts or commitments and (b) in the ordinary course of the Business consistent with past practices; or
- (iv) Agree or commit to do any of the foregoing.

Sellers shall not permit the Corporation to (a) take or agree or commit to take any action that would make any representation and warranty of Sellers hereunder inaccurate in any respect at, or as of any time prior to, the Closing Date or (b) omit or agree to commit or omit to take any action necessary to prevent any such representation or warranty from being inaccurate in any respect at any such time.

4.02 "S" Election. Sellers and their spouses shall execute and cause the Corporation to execute Internal Revenue Service forms 2553 so as to elect the provisions of Subchapter S of the United States Internal Revenue Code, sections 1361, et seq., effective January 1, 1997 and shall deliver fully completed forms

2553 with all of their signatures to Purchaser on or before the earlier of the Closing Date or January 15, 1997.

4.03 Access to Information. Sellers (i) will give Purchaser, its counsel, financial advisors, auditors and other authorized representatives reasonable access to the offices, properties, books and records of the Corporation and will allow Purchaser or its representatives access to conduct all reasonable environmental tests and inspections, (ii) will furnish to Purchaser, its counsel, financial advisors, auditors and other authorized representatives such financial and operating data and other information relating to the Corporation as such persons may reasonably request and (iii) will instruct its employees, counsel and financial advisors to cooperate with Purchaser in its investigation of the Corporation; provided, however, Purchaser shall utilize the minimum number of personnel as will not interfere with the conduct of the Corporation's business and shall utilize them only at the times the Corporation is open for business. No investigation by Purchaser or other information received by Purchaser shall operate as a waiver or otherwise affect any representation, warranty or agreement given or made by Sellers hereunder.

4.04 Life Insurance Policies. Prior to the Closing, each seller shall purchase all policies of life insurance on his life owned by the Corporation for cash in the amount of the cash surrender values of these policies.

4.05 Notices of Certain Events. Sellers shall promptly notify Purchaser of:

- (i) Any notice or other communication from any person alleging that the consent of such person is or may be required in connection with the transactions contemplated by this Agreement;
- (ii) Any notice or other communication from any governmental or regulatory agency or authority in connection with the transactions contemplated by this Agreement;
- (iii) Any actions, suits, claims, investigations or proceedings commenced or, to its knowledge, threatened against, relating to or involving or otherwise affecting the Corporation or the Business that, if pending on the date of this Agreement, would have been required to have been disclosed pursuant to Section 2.10 or that relate to the consummation of the transactions contemplated by this Agreement.

ARTICLE V

COVENANTS OF PURCHASER

Purchaser agrees that:

5.01 Confidentiality. Prior to the Closing Date and for a period of one (1) year after any termination of this Agreement, Purchaser will hold, and will use its best efforts to cause its respective officers, directors, employees, accountants, counsel, consultants, advisors and agents to hold, in confidence, unless compelled to disclose by judicial or administrative process or by other requirements of law, all confidential documents and information (including, without limitation, confidential commercial information and information with respect to customers and proprietary systems, technologies or processes) concerning the Business or which the Corporation or Sellers furnished to Purchaser in connection with the transactions contemplated by this Agreement, except to the extent that such information can be shown to have been (i) previously known on a non-confidential basis by Purchaser, (ii) in the public domain through no fault of Purchaser or (iii) later lawfully acquired by Purchaser from sources other than the Corporation or Sellers; provided, that Purchaser may disclose such information to its officers, directors, employees, accountants, counsel, consultants, advisors and agents in connection with the transactions contemplated by this Agreement so long as such persons are informed by Purchaser of the confidential nature of such information and are directed by Purchaser to treat such information confidentially. This obligation shall be satisfied if Purchaser exercises the same reasonable and customary care, in light of the industry and its past practices, with respect to such information as it would take to preserve the confidentiality of its own confidential

information. If this Agreement is terminated, Purchaser will, and will use its best efforts to cause its officers, directors, employees, accountants, counsel, consultants, advisors and agents to, destroy or deliver to Sellers, upon request, all documents and other materials, and all copies thereof, obtained by Purchaser or on their behalf from Sellers or the Corporation in connection with this Agreement that are subject to such confidence. Purchaser agrees that it will retain all documents and other materials obtained by Purchaser from Sellers or the Corporation in connection with this Agreement and the transactions contemplated hereby for a reasonable and customary period of time and will not destroy any material documents during such period without first providing Seller with the opportunity of making copies thereof.

5.02 Access. On and after the Closing Date, Purchaser will afford promptly to Sellers through their representatives, E. M. Dupaquier and/or R. H. Marmande ("Sellers' Representatives"), reasonable access to the Corporation's properties, books, records, employees and auditors to the extent necessary to permit Sellers to determine any matter relating to their rights and obligations hereunder and Sellers' federal and state income and other tax liabilities with respect to any period ending on or before the Closing Date and shall maintain them for a period of five (5) years following the Closing or for such longer period as any audit (private, tax or other governmental) of those documents is continuing; provided that any such access by Sellers shall not unreasonably interfere with the conduct of the Business of the Corporation or Purchaser. Sellers will hold, and will use their best efforts to cause their officers, directors, employees, accountants, counsel, consultants, advisors and agents to hold, in confidence, unless compelled to disclose by judicial or administrative process or by other requirements of law, all confidential documents and information concerning Purchaser or the Business provided to them pursuant to this Section 5.02.

5.03 No Election Under Section 338. (a) Purchaser shall not cause nor shall the Corporation make or file any election under any provision of Section 338, including Section 338(h)(10), of the United States Internal Revenue Code (the "Code") with respect to the transactions contemplated by this Agreement.

(b) Purchaser shall take no action nor permit any action or course of conduct to be taken by it or by the Corporation, or permit the filing of any Section 338 election with respect to any other stock acquisition by Purchaser of any other corporation, if such filing would have the same effect as if a formal election under any provision of Section 338, including Section 338(h)(10), of the Code had been filed with respect to the transaction contemplated hereby.

ARTICLE VI

COVENANTS OF SELLERS AND PURCHASER

Sellers and Purchaser hereto agree that:

6.01 Consulting Agreements. At the Closing, E. M. Dupaquier, R. H. Marmande and the Company shall execute the Consulting Agreements in the forms attached hereto as Schedule 6.01.

6.02 Best Efforts; Further Assurances. Subject to the terms and conditions of this Agreement, each of Sellers and Purchaser will use their and its best efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary or desirable under applicable laws and regulations to consummate the transactions contemplated by this Agreement. Sellers and Purchaser each agree to execute and deliver such other documents, certificates, agreements and other writings and to take such other actions as may be necessary or desirable in order to consummate or implement expeditiously the transactions contemplated by this Agreement, but without expanding the obligations and responsibilities of any party hereunder.

6.03 Certain Filings. Sellers and Purchaser shall cooperate with one another (a) in determining whether any action by or in respect of, or filing with, any governmental body, agency, official or authority is required, or any actions, consents, approvals or waivers are required to be obtained from parties to any material contracts, in connection with the consummation of the transactions contemplated by this Agreement, and (b) in taking such actions or making any such filings, furnishing information required in connection therewith and seeking timely to obtain any such actions, consents, approvals or waivers.

6.04 Public Announcements. The parties agree to consult with each other before issuing any press release or making any public statement with respect to this Agreement or the transactions contemplated hereby and, except as may be required by applicable law, will not issue any such press release or make any such public statement prior to such consultation.

ARTICLE VII

TAX MATTERS

7.01 Tax Definitions. The following terms, as used herein, have the following meanings:

"Code" means the Internal Revenue Code of 1986, as amended.

"Post-Closing Tax Period" means any tax period ending after the Closing Date, except that with respect to a tax period that commences before but ends after the Closing Date, the portion of such period after the close of business on the Closing Date.

"Pre-Closing Tax Period" means any tax period ending on or before the close of business on the Closing Date and with respect to a tax period that commences before but ends after the Closing Date, the portion of such period up to the close of business on the Closing Date.

"Tax" means (i) any net income, alternative or add-on minimum, gross income, gross receipts, sales, use, ad valorem, franchise, capital, paid-up capital, profits, greenmail, license, withholding, payroll, employment, excise, severance, stamp, occupation, premium, property, windfall profit tax, custom, duty or other tax, governmental fee or other like assessment or charge of any kind whatsoever, together with any interest or any penalty, addition to tax or additional amount imposed by any governmental authority (domestic or foreign) responsible for the imposition of any such tax (a "Taxing Authority") and (ii) any liability to any person (including any applicable Taxing Authority) in respect of any tax included in Clause (i) above by reason of any indemnity, transferee liability, contractual or legal obligation.

7.02 Tax Matters. Sellers hereby represent and warrant to Purchaser as of the date hereof and as of the Closing Date that, except as provided in Schedule 7.02, the Corporation has paid or will timely pay all material taxes payable by the Corporation and attributable to any Pre-Closing Tax Period which are required to be paid on or prior to the Closing Date, the non-payment of which would result in a lien on the Shares on or after the Closing Date, would otherwise materially adversely affect the Business after the Closing Date or would result in Purchaser becoming liable therefor, except for taxes caused by an actual or deemed election under Section 338 of the Code, which is Purchaser's responsibility pursuant to Section 5.03. Sellers herewith represent that the only Taxes which will be owed by the Corporation as of the Closing Date are those which arise or have arisen or have been incurred in the ordinary course of the Corporation's Business. The Corporation has filed all required income, franchise, sales, ad valorem, employment and other tax returns and paid the total amount of Taxes due by it. The provision for the corporate income and franchise tax liability of the Corporation for all periods through the Closing Date as shown on the Closing Balance Sheet will be adequate relative to the Corporation's actual liability therefor as finally determined. Sellers represent that the Corporation is not prohibited by any law, rule or regulation from electing the provisions of Subchapter S of the Code, sections 1361, et seq., commencing January 1, 1997.

7.03 Tax Cooperation: Allocation of Taxes.

(a) Purchaser and Sellers agree to furnish or cause to be furnished to each other, upon request, as promptly as practicable, such information and assistance relating to the Corporation, the non-compete covenant described in Section 4.01 and the Business as is reasonably necessary for the filing of all tax returns, and making of any election related to taxes, the preparation for any audit by any taxing authority, and the prosecution or defense of any claim, suit or proceeding relating to any tax return. Sellers and Purchaser shall cooperate with each other in the conduct of any audit or other proceeding related to taxes involving the Business and each shall execute

and deliver such powers of attorney and other documents as are reasonably necessary to carry out the intent of this Paragraph (a) of Section 7.03.

(b) Any transfer, documentary, sales, use or other taxes arising in connection with the transactions contemplated by this Agreement and any recording or filing fees with respect thereto (each, a "Transfer Tax") shall be the responsibility of Purchaser.

(c) Each of Sellers and Purchaser shall execute all required elections pursuant to section 1377(a)(2) of the Code to terminate the Corporation's taxable year commencing January 1, 1997 and ending as of the close of business on the Closing Date (as defined in Section 1.03 entitled "Closing"), and allocate all of the Corporation's income or loss for that period to Sellers and the Corporation's income or loss for the remainder of calendar year 1997 to Purchaser.

ARTICLE VIII

EMPLOYEE BENEFITS

8.01 Employee Benefits Definitions. The following terms, as used herein, shall have the following meanings:

"Benefit Arrangement" means any employment, severance or similar contract, or any other contract, plan, policy or arrangement (whether or not written) providing for compensation, bonus, profit-sharing, stock option or other stock related rights or other forms of incentive or deferred compensation, vacation benefits, insurance coverage (including any self-insured arrangements), health or medical benefits, disability benefits, workers' compensation, supplemental unemployment benefits, severance benefits and post-employment or retirement benefits (including compensation, pension, health, medical or life insurance benefits) that (i) is not an Employee Plan, (ii) is entered into, maintained, administered or contributed to, as the case may be, by Seller and (iii) covers any employee or former employee of the Corporation.

"Employee Plan" means any "employee benefit plan" as defined in Section 3(3) of ERISA, that (i) is subject to any provision of ERISA, (ii) is maintained, administered or contributed to by the Corporation and (iii) covers an employee or former employee of the Corporation.

"ERISA Affiliate" of any entity means any other entity which, together with such entity, would be treated as a single employer under Section 414 of the Code.

"Multi-Employer Plan" means each Employee Plan that is a multi-employer plan, as defined in Section 3(37) of ERISA.

"PBGC" means the Pension Benefit Guaranty Corporation.

"Title IV Plan" means an Employee Plan, other than any Multi-Employer Plan, subject to Title IV of ERISA.

8.02 Employee Matters. The Sellers hereby represent and warrant to Purchaser as of the date hereof:

(a) Schedule 8.02(a) lists each Employee Plan. Sellers have provided or allow Purchaser access to as a true and complete copy of each such Plan (and, if applicable, related trust documents) and all amendments thereto and written interpretations thereof together with (i) the three most recent annual reports prepared in connection with each such Employee Plan (Form 5500 including, if applicable, Schedule B thereto) and (ii) the most recent actuarial report, if any, prepared in connection with each Employee Plan. Schedule 8.02(a) identifies each person who is a participant or who is eligible to participate in each Employee Plan who is not an active employee of Seller. The term "active employee" shall mean any person who, on the Closing Date, is actively employed by the Corporation or who is on short-term disability leave, authorized leave of absence, military service or lay-off with recall rights as of the Closing Date.

(b) Schedule 8.02(b) sets forth all Benefit Arrangements presently in place for all employees of the Corporation.

(c) As of the date hereof, there is no litigation, administrative or arbitration proceeding or other dispute pending

or threatened that involves any Employee Plan or Benefit Arrangement which could reasonably be expected to result in a liability to the Corporation or Purchaser.

(d) No Employee Plan is (i) a Multi-Employer Plan, (ii) a Title IV Plan or (iii) is maintained in connection with any trust described in Section 501(c)(9) of the Code. No "prohibited transaction", as defined in Section 406 of ERISA or Section 4975 of the Code, has occurred that could result in a liability to the Corporation, Purchaser or any of its Affiliates. As used herein the term "Affiliate" means any individual, group of individuals, corporation, partnership or other entity controlled by, controlling or under common control with the person or entity with respect to which that term is used. Neither the Corporation nor any of its current or former Affiliates (while an Affiliate) has within the last five (5) years engaged in or is a successor or parent corporation to an entity that has engaged in, a transaction described in Section 4069 of ERISA. Neither the Corporation nor any of its current or former Affiliates has ever maintained or become obligated to contribute to any employee benefit plan (i) that is subject to Title IV of ERISA, (ii) to which Section 412 of the Code applies, or (iii) that is a multi-employer plan under Title IV of ERISA. The Corporation has not incurred, and does not reasonably expect to incur, (a) any liability under Title IV of ERISA arising in connection with the termination of, or complete or partial withdrawal from, any plan covered or previously covered by Title V of ERISA or (b) any liability under Section 4971 of the Code that in either case could become a liability of the Corporation or any of its Affiliates after the Closing Date.

(e) Each Employee Plan which is intended to be qualified under Section 401(a) of the Code is so qualified and has been so qualified during the period from its adoption to date, and no event has occurred since such adoption that would adversely affect such qualification and each trust created in connection with each such Employee Plan forming a part thereof is exempt from tax pursuant to Section 501(a) of the Code. Sellers have furnished to Purchaser copies of the most recent Internal Revenue Service determination letters with respect to each such Plan. Each Employee Plan has been maintained in compliance with its terms and with the requirements prescribed by any and all applicable statutes, orders, rules and regulations including but not limited to ERISA and the Code.

(f) Seller has furnished to Purchaser copies or descriptions of each Benefit Arrangement. Each Benefit Arrangement has been maintained in substantial compliance with its terms and with the requirements prescribed by any and all statutes, orders, rules and regulations which are applicable to such Benefit Arrangement. Schedule 8.02(f) identifies each individual eligible to receive a benefit under a Benefit Arrangement who is not an active employee, as defined in Section 8.02(a), of the Corporation.

(g) The Corporation has no current or projected liability in respect of post-retirement or post-employment welfare benefits for retired, current or former employees, except as required to avoid excise tax under Section 4980B of the Code.

(h) Except as disclosed in writing to Purchaser prior to the date hereof, there has been no amendment to, written interpretation of or announcement (whether written or not written) by the Corporation or any of its Affiliates relating to, or change in employee participation or coverage under, any Employee Plan or Benefit Arrangement which would increase materially the expense of maintaining such Employee Plan or Benefit Arrangement above the level of the expense incurred in respect thereof in connection with the Corporation's Employees for the most recently completed fiscal year.

(i) No employee of the Corporation will become entitled to any bonus, retirement, severance, job security or similar benefit or enhanced such benefit (including acceleration of an award, vesting or exercise of an incentive award) or any fee or payment of any kind solely as a result of any of the transactions contemplated hereby.

(j) There is no contract, plan or arrangement (written or otherwise) covering any employee or former employee of the Corporation or any of its Affiliates that, individually or collectively, could give rise to the payment of any amount that would not be deductible pursuant to the terms of Section 280G of the Code.

(k) No tax under Section 4980B of the Code has been incurred in respect of any Employee Plan that is a group health plan, as defined in Section 5000(b)(1) of the Code.

ARTICLE IX

CONDITIONS TO CLOSING

9.01 Conditions to the Obligations of Each Party. The obligations of Purchaser and Sellers to consummate the Closing are subject to the satisfaction, or waiver by both parties, of the following conditions:

(a) No provision of any applicable law or regulation and no judgment, injunction, order or decree shall (i) prohibit the consummation of the Closing or (ii) restrain, prohibit or otherwise interfere with the effective operation or enjoyment by Purchaser of the Shares.

(b) All actions by or in respect of or filings with any governmental body, agency, official or authority required to permit the consummation of the Closing, and all material third party consents necessary in connection with the consummation of the Closing, shall have been obtained.

(c) All waivers of applicable rights of first refusal by the Corporation and the Sellers have been obtained to permit consummation of the transactions contemplated herein.

9.02 Conditions to Obligations of Purchaser. The obligation of Purchaser to consummate the Closing is subject to the satisfaction of the following further conditions:

(a) (i) Sellers shall have performed in all material respects all of their obligations hereunder required to be performed by them at or prior to the Closing Date (including their obligations set forth in Section 4.02), (ii) the representations and warranties of Sellers contained in this Agreement and in any certificate or other writing delivered by Sellers pursuant thereto, disregarding all qualifications and exceptions contained therein relating to materiality, shall be true at and as of the respective dates applicable to each of them as set forth herein, and (iii) Purchaser shall have received a certificate signed by the President of the Corporation to the foregoing effects.

(b) No proceeding challenging this Agreement or the transactions contemplated hereby or seeking to prohibit, alter, prevent or materially delay the Closing shall have been instituted by any person before any court, arbitrator or governmental body, agency or official nor shall they be pending.

(c) Purchaser shall have received all documents it may reasonably request relating to the existence of and good standing of the Corporation.

(d) The Corporation shall have been issued an owner's title insurance policy with respect to all real or immovable property in a form and only with such exceptions as are reasonably acceptable to Purchaser. The cost of the owner's title insurance policy shall be borne equally between Sellers and Purchaser.

(e) Nothing has come to Purchaser's attention which would indicate that any of the representations and warranties of Sellers are untrue in any material respect or that Sellers have failed to perform any of their covenants contained herein.

9.03 Conditions to Obligations of Sellers. The obligation of Sellers to consummate the Closing is subject to the satisfaction of the following further conditions:

(a) (i) Purchaser shall have performed in all material respects all of its obligations hereunder required to be performed by it at or prior to the Closing Date and (ii) the representations and warranties of Purchaser contained in this Agreement and in any certificate or other writing delivered by Purchaser pursuant hereto shall be true in all material respects at and as of the Closing Date, as if made at and as of such date.

(b) Sellers shall have received all documents they may reasonably request relating to the existence of Purchaser and the authority of Purchaser to execute and consummate this Agreement, all in form and substance reasonably satisfactory to Seller.

ARTICLE X

SURVIVAL; INDEMNIFICATION

10.01 Survival. The covenants, agreements, representations and warranties of the parties hereto contained in this Agreement or in any certificate or other writing delivered pursuant hereto or in connection herewith shall survive the Closing.

10.02 Indemnification.

(a) Sellers ("Indemnifying Party" or "Indemnifying Parties") jointly, severally and in solido hereby indemnify Purchaser and all of Purchaser's officers, directors, employees and shareholders (hereinafter "Indemnified Parties") against and agree to defend and hold them harmless from and against any and all damage, loss, liability and expense, including, without limitation, reasonable expenses of investigation and reasonable attorneys' fees and expenses in connection with any action, suit or proceeding (collectively, "Loss") incurred or suffered by any of the Indemnified Parties arising out of any willful misrepresentation or breach of warranty, covenant or agreement made or to be performed by Sellers pursuant to this Agreement, including all of those made by Sellers in Articles I, II, IV, VI, VII and VIII hereof. Sellers shall have no obligation with respect to any loss, claim, demand, suit or action against the Corporation or Purchaser notice of which is given to Sellers' Representatives after December 31, 1998 as to all claims, demands, suits or actions other than for the payment of any Tax and after December 31, 2000 as to all claims, demands, suits or actions for the payment of any Tax.

(b) Purchaser hereby agrees to defend and indemnify Sellers against and to hold Sellers harmless from any and all Loss incurred or suffered by Sellers arising out of any failure to perform, misrepresentation or breach of any warranty, covenant or agreement made or to be performed by Purchaser pursuant to this Agreement. Purchaser shall have no obligation with respect to any loss, claim, demand, suit or action against Sellers notice of which is given to Purchaser (by Sellers or any other person or governmental agency) after December 31, 1998.

(c) Except as otherwise provided in Section 10.03 hereof in respect of matters relating to Taxes, the following provisions shall apply:

(i) Promptly after receipt by an Indemnified Party of notice of the commencement of any action or proceeding involving a claim in respect of which indemnification is being sought, such Indemnified Party will, if a claim for indemnification hereunder is to be made against the Indemnifying Party, give written notice to the Indemnifying Parties (through Sellers' Representatives) of the commencement of such action or proceeding, the basis for such claim for indemnification and such other information relating thereto as the Indemnifying Party may reasonably request; provided, however, that failure to so notify the Indemnifying Parties or to provide such information shall not relieve such Indemnifying Parties from any liability which they may have with respect to such claim, except to the extent that they are actually materially prejudiced by such failure to give notice.

(ii) In case any such action is brought against an Indemnified Party, the Indemnified Party shall assume and control the defense of such action with counsel selected by the Indemnified Party. It is understood that the Indemnifying Parties shall not, in connection with any action or related actions in the same jurisdiction, be liable for the fees and disbursements of more than one separate firm qualified in such jurisdiction to act as counsel for all Indemnified Parties, unless in any such Indemnified Party's reasonable judgment (i) a conflict of interest between such Indemnified Party and any other Indemnified Party may exist in respect of such claim or (ii) such Indemnified Party has available to it reasonable defenses which are different from or additional to those available to other Indemnified Parties. The Indemnifying Parties shall not be liable for any settlement of any proceeding effected without their written consent (given by Sellers' Representatives), but if settled with such consent or if there shall be a final judgment for the plaintiff, the Indemnifying Parties agree to indemnify the Indemnified Party and hold the Indemnified Party harmless from and against any Losses by reason of such settlement or judgment (it being understood that if the Sellers are the Indemnifying Party such indemnification obligation shall be joint and several). The Indemnifying Parties shall not, without the

consent of the Indemnified Party, consent to entry of any judgment or enter into any settlement which does not include as an unconditional term the giving by the claimant or plaintiff to such Indemnified Party of a release from all liability in respect to such claim or litigation. Any dispute as to whether any Indemnified Party is entitled to indemnification in connection with any action or proceeding under Section 10.02(c), the defense or settlement of such action or proceeding, or any other rights or obligations of the parties hereto in connection with such action or proceeding shall be submitted to arbitration in accordance with Section 12.06 of this Agreement.

(iii) In the event that an Indemnified Party shall claim a right to payment pursuant to this Agreement with respect to which there has been no action or proceeding involving such claim, such Indemnified Party shall send written notice of such claim to the Indemnifying Parties. Such notice shall specify the basis for such claim in reasonable detail. As promptly as possible after the Indemnified Party has given such notice, such Indemnified Party and the Indemnifying Parties (acting through Sellers' Representatives) shall establish the merits and amount of Losses, if any, to which the Indemnified Party is entitled. If the parties do not agree with respect to these matters within 30 days after the giving of such notice, either party may submit the matter to arbitration in accordance with Section 12.06 of this Agreement. In such arbitration, if the arbitrator determines that a breach of a representation, warranty, covenant or agreement in this Agreement by the Indemnifying Parties occurred and that such breach caused Losses to an Indemnified Party, the arbitrator will determine the amount of any such Losses. Within ten business days after the final determination of the merits of such claim and amount of such Losses, each Indemnifying Party shall, subject to the limitations set forth herein, deliver to the Indemnified Party an amount of cash in immediately available funds sufficient to satisfy such Losses or the portion of such Losses for which such Indemnifying Party is obligated to provide indemnity hereunder.

(iv) If any Seller fails to timely deliver cash in the amount of any Losses payable by such Seller under the terms of this Agreement, Purchaser may withdraw from funds held in the Escrow Account (as defined below) an amount of cash equal to the amount of Losses which has not been paid by that Seller.

(d) Wherever this Agreement requires actions or decisions of the Indemnifying Parties, those actions or decisions shall be taken by either or both of Sellers' Representatives acting on behalf of all Indemnifying Parties.

10.03 Covenants Regarding Tax Matters.

(a) Taxes attributable to the taxable period of the Corporation beginning before and ending after the Closing Date shall be allocated (i) to the Sellers for the period up to and including the Closing Date to the extent such Taxes exceed the reserve therefor on the Closing Balance Sheet and (ii) to Purchaser for the period up to and including the Closing Date to the extent such Taxes do not exceed the reserve therefor on the Closing Date Balance Sheet and for the period subsequent to the Closing Date. For purposes of this Section 10.03(a), Taxes for the period up to and including the Closing Date and for the period subsequent to the Closing Date shall be determined on the basis of an interim closing of the books as of the Closing Date.

(b) The Sellers may not file any amended returns or refund claims in respect of any taxable period of the Corporation ending on or prior to the Closing Date.

(c) The Sellers shall cooperate fully with Purchaser and make available to Purchaser in a timely fashion such Tax data and other information as may be reasonably required for the preparation by Purchaser of any returns of the Corporation required to be prepared and filed by Purchaser hereunder. The Sellers and Purchaser shall make available to the other, as reasonably requested, all information, records or documents in their possession relating to Tax liabilities of the Corporation for all taxable periods of the Corporation ending on, prior to or including the Closing Date and shall preserve all such information, records and documents until the expiration of any applicable Tax statute of limitations or extensions thereof or, if a proceeding has been instituted for which the information, records or documents is required, until there is a final determination with respect to such proceeding.

(d)(i) Purchaser shall promptly notify the Sellers'

Representatives upon receipt by Purchaser or the Corporation of written notice of any Tax audits or of proposed assessments against the Corporation for taxable periods of the Corporation ending on or prior to the Closing Date; provided, however, that the failure of Purchaser to give Sellers' Representatives prompt notice as required herein shall not relieve the Sellers of any of their obligations hereunder, except to the extent that the Sellers are actually and materially prejudiced thereby. Purchaser shall have the right to represent the interests of the Corporation in any such Tax audit or administrative or court proceeding and to employ counsel of its choice; provided, however, that Purchaser may not agree to a settlement or compromise thereof without the prior written consent of Sellers' Representatives, which consent may be withheld solely in the event that Sellers' Representatives have been advised in writing by counsel reasonably acceptable to Purchaser that it is more likely than not that the issue under audit (or the proposed assessment) would be decided favorably to the Corporation and that written advice has been furnished to Purchaser. The Sellers agree that they will cooperate fully with Purchaser and its counsel in the defense against or compromise of any claim in any said audit or proceeding.

(ii) The Sellers shall promptly notify Purchaser upon receipt by the Sellers of written notice of any Tax audit or proposed assessment or other proposed change or adjustment which may affect the Corporation or its Tax attributes. The Sellers shall keep Purchaser duly informed of the progress thereof and, if the results of such Tax audit or proceeding may have an adverse effect on the Corporation, Purchaser or its affiliates for any taxable period including or ending after the Closing Date, then the Sellers may not agree to a settlement or compromise thereof without Purchaser's consent.

(e) Within ten (10) days after notice by Purchaser to Sellers' Representatives of the total amount of additional taxes, penalties and interest owed by the Corporation for periods prior to the Closing, Sellers shall remit to Purchaser the entire amount thereof less the future tax benefit attributable to the increase in future depreciation deductions as a result of the adjustment which caused those additional taxes. The future tax benefit shall be deemed equal to forty (40%) percent of the total additional depreciation which the Corporation would thereby be able to deduct in future years provided the amount of this reduction shall not exceed the amount of additional taxes (apart from penalties and interest) then owed by the Corporation. If any Seller fails to remit his entire proportionate share of the amount due, Purchaser may withdraw said amount from the Escrow Account, to the extent thereof, and if the Escrow Account is insufficient, any one or more of the other Sellers shall pay Purchaser the shortfall upon ten (10) days written notice.

(f) The Sellers and Purchaser agree to treat any indemnity payment made pursuant to this Agreement as an adjustment to the Purchase Price for federal, state, local and foreign income tax purposes. If, notwithstanding such treatment by the parties, any indemnity payment is determined to be taxable to Purchaser or the Corporation by any taxing authority, the Sellers shall indemnify Purchaser and its Affiliates for any Taxes payable by reason of the receipt of such indemnity payment (including any payments under this Section 10.03(f)).

ARTICLE XI

TERMINATION

11.01 Grounds for Termination. This Agreement may be terminated at any time prior to the Closing:

- (i) by mutual written agreement of Sellers' Representatives and Purchaser;
- (ii) By Purchaser if the Closing shall not have been consummated on or before January 15, 1997 unless extended by mutual agreement of Sellers' Representatives and Purchaser;
- (iii) By either Sellers' Representatives or Purchaser if there shall be any law or regulation that makes the consummation of the transactions contemplated hereby illegal or otherwise prohibited or if consummation of the transactions contemplated hereby would violate any nonappealable final order, decree or judgment of any court or governmental body

having competent jurisdiction; or,

- (iv) By Purchaser if anything has come to its attention that any of Sellers' representations or warranties are untrue in any respect or Purchaser has discovered any contamination or any Hazardous Substance on the premises of the Corporation or any violations of any Environmental Laws by the Corporation which have not been remedied as of the date of the discovery.

The party desiring to terminate this Agreement pursuant to Clauses (ii), (iii) or (iv) shall give notice of such termination to the other party.

11.02 Effect of Termination. If this Agreement is terminated as permitted by Section 11.01, such termination shall be without liability of any party (or of any shareholder, director, officer, employee, agent, consultant or representative of such party) to the other parties to this Agreement; provided that if such termination shall result from the willful failure of any party to fulfill a condition to the performance of the obligations of another party or to perform a covenant of this Agreement or from a willful breach by any party to this Agreement, such party shall be fully liable for any and all losses incurred or suffered by any other party as a result of such failure or breach. The provisions of Sections 5.01 and 12.03 shall survive any termination hereof pursuant to Section 11.01.

ARTICLE XII

MISCELLANEOUS

12.01 Notices. All notices, requests and other communications to either party hereunder shall be in writing (including facsimile, telecopy or similar writing) and shall be deemed given when delivered:

If to Purchaser, to: Gulf Island Fabrication, Inc.
Attn: Kerry J. Chauvin, President
583 Thompson Road
Houma, LA 70361-0310

With a Copy to: Robert R. Casey, Esq.
Four United Plaza, 5th Floor
8555 United Plaza Boulevard
Baton Rouge, LA 70809-7000

If to Sellers or to
Indemnifying Parties,
to Sellers'
Representatives: E. M. Dupaquier
206 Maple Avenue
Houma, LA 70364

R. H. Marmande
1321 Dularge Road

With a Copy to: P. J. McMahon, Esq.
P. O. Box 1545
Houma, LA 70361

Each of the above persons may change their address or facsimile number by notice to the other persons in the manner set forth above.

12.02 Amendments; No Waivers.

(a) Any provision of this Agreement may be amended or waived if, and only if, such amendment or waiver is in writing and signed, in the case of an amendment, by Purchaser and Seller, or in the case of a waiver, by the party against whom the waiver is to be effective.

(b) No failure or delay by any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the existence of any other right, power or privilege. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by law.

12.03 Expenses. All costs and expenses incurred in connection with this Agreement shall be paid by the party incurring such cost or expense.

12.04 Successors and Assigns. The provisions of this Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns; provided that neither party may assign, delegate or otherwise transfer any of its rights or obligations under this Agreement without the consent of the other party hereto. Neither this Agreement nor any provision hereof is intended to confer upon any person other than the parties hereto any rights or remedies hereunder.

12.05 Governing Law. This Agreement shall be construed in accordance with and governed by the law of the State of Louisiana without regard to the conflicts of law rules of such state.

12.06 Jurisdiction and Forum: Arbitration. Any controversy arising under, out of, in connection with, or relating to, this Agreement, and any amendment hereof, or the breach hereof or thereof, shall be determined and settled by arbitration in New Orleans, Louisiana by an arbitrator or arbitrators mutually agreed upon by Purchaser and the Sellers' Representatives or, if Purchaser and Sellers' Representatives shall fail or be unable to so agree within ten Business Days after the written request therefor by Purchaser or the Representatives to the other, such arbitrator or arbitrators as may be selected in accordance with the rules of the American Arbitration Association. Any award rendered therein shall specify the findings of fact of the arbitrator or arbitrators and the reasons for such award, with reference to and reliance on relevant law. Any such award shall be final and binding on each and all of the parties thereto and their personal representatives, and judgment may be entered thereon in any court having jurisdiction thereof.

12.07 Counterparts; Effectiveness. This Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. This Agreement shall become effective when each party hereto shall have received as a counterpart hereof signed by the other party hereto.

12.08 Entire Agreement. This Agreement and any other agreements referred to herein constitute the entire agreement between the parties with respect to the subject matter hereof and supersede all prior agreements, understandings and negotiations, both written and oral, between the parties with respect thereto. No representation, inducement, promise, understanding, condition or warranty not set forth herein has been made or relied upon by either party hereto.

12.09 Captions. The captions herein are included for convenience of reference only and shall be ignored in the construction or interpretation hereof.

12.10 Severability. In the event any one or more of the provisions of this Agreement shall be or become illegal or unenforceable in any respect, the validity, legality, operation and enforceability of the remaining provisions of this Agreement shall not be affected thereby.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers effective as of the day and year first above written but executed on the dates set forth below.

WITNESSES: GULF ISLAND FABRICATION, Purchaser

/s/ Elward Cunningham BY: /s/ Kerry J. Chauvin

Kerry J. Chauvin, President

/s/ John P. Laborde Date Executed: November 25, 1996

SELLERS:

/s/ Elward Cunningham /s/ R.H. Marmande

R. H. Marmande

/s/ John P. Laborde

Date Executed: November 25, 1996

/s/ Elward Cunningham

/s/ E. M. Dupaquier

E. M. Dupaquier

/s/ John P. Laborde

Date Executed: November 25, 1996

All schedules have been intentionally omitted. A copy of any omitted schedule will be furnished supplementally to the Commission upon request.

STOCK PURCHASE AGREEMENT

THIS STOCK PURCHASE AGREEMENT is made and entered into as of November 27, 1996 by, between and among Gulf Island Fabrication, Inc., a Louisiana corporation (hereinafter referred to as "Purchaser"), and E. M. Dupaquier and R. H. Marmande, the holders of all of the outstanding shares of capital stock (the "Sellers") of Dolphin Sales & Rentals, Inc. (the "Corporation" or the "Company"). E. M. Dupaquier and R. H. Marmande are also referred to herein variously as the "Officers" or "Sellers' Representatives".

W I T N E S S E T H :

WHEREAS, Sellers desire to sell and the Purchaser desire to purchase all of the outstanding shares (the "Shares") of common stock of the Corporation for the consideration and on the terms and conditions set forth herein; and,

WHEREAS, Purchaser and certain of the Sellers desire to enter into certain non-competition agreements (the "Non-Competition Agreements") as provided in Section 4.01.

NOW, THEREFORE, the parties hereto hereby agree as follows:

I.

PURCHASE AND SALE OF ASSETS

1.01 Purchase and Sale.

At the closing of the transaction contemplated hereby (the "Closing"), upon the terms and subject to the conditions contained in this Agreement, Purchaser shall purchase from Sellers and Sellers shall sell the Shares consisting of 1,000 shares of common stock, no par value per share, free and clear of any and all liens, mortgages, encumbrances and security interests.

1.02 Stock Purchase Price.

(a) The initial purchase price for the Shares ("Initial Purchase Price") shall be One Hundred Fifty-Two Thousand, Two Hundred Eighty-Two (\$152,282) Dollars which shall be allocated among the Sellers in proportion to the Shares sold by each of them to Purchaser.

(b)(1) The Initial Purchase Price shall be adjusted to the final purchase price ("Final Purchase Price") by increasing the Initial Purchase Price by the increase in the Net Book Value, as hereinafter defined, or by decreasing the Initial Purchase Price by the decrease in the Net Book Value of the Corporation between September 30, 1996 and the Closing as reflected on the Closing Balance Sheet (as hereinafter defined). However, the Final Purchase Price shall not be less than \$152,282.

(2) The term "Net Book Value" means the excess of (1) the book value of all of the Corporation's assets over (2) the book amounts of all the Corporation's current and long-term fixed liabilities and accrued expenses, including all unpaid ad valorem taxes prorated to the date of the Closing, whether or not any of the Corporation's assets are then subject to a lien therefor as of the Closing. All determinations of book value and book amounts shall be made in accordance with the accounting principles, methods and conventions employed in the preparation of the Corporation's September 30, 1996 balance sheet, a copy of which is attached as part of Schedule 1.02(b)(2) (hereinafter "Interim Financial Statements"), but with all intercompany payables, receivables and equity interests eliminated as among Dolphin Services, Inc., Dolphin Steel Sales, Inc. and Dolphin Sales & Rentals, Inc. as though they were members of a consolidated group. Net Book Value at September 30, 1996 was \$152,282.

(3) The term "Closing Balance Sheet" means for purposes of this Section 1.02(b) the balance sheet of the Corporation as of December 31, 1996 unless such date precedes the Closing by more than five (5) business days, in which case as of the date of the Closing ("Closing Date"), prepared in accordance with the same accounting principles, methods and conventions

employed in the preparation of the Corporation's Interim Financial Statements. The Closing Balance Sheet shall be prepared by a certified public accountant or certified public accounting firm designated by Purchaser and shall be presented to Sellers and Purchaser within forty-five (45) days following the Closing. In the event either Sellers or Purchaser disagree with any of the figures shown on the Closing Balance Sheet, they or it shall notify the other parties hereto, within ten (10) days after their receipt of the Closing Balance Sheet, and shall furnish the reasons why that party is in disagreement. If the parties have not resolved their disagreements with respect to the Closing Balance Sheet within twenty (20) days after said notice, Sellers and Purchaser shall submit the handling of any disputed items to an independent nationally recognized accounting firm (other than Price, Waterhouse & Co.) selected by Purchaser and Sellers. If Purchaser and Sellers are unable to agree upon such a nationally recognized independent accounting firm within ten (10) days after expiration of said twenty (20) day period, such an independent nationally recognized accounting firm ("Arbitrator") shall be selected in accordance with the rules of the American Arbitration Association. The Arbitrator shall submit the correct Closing Balance Sheet to Purchaser and Sellers and shall certify the increase or decrease in Net Book Value between the date of the Interim Financial Statements and the close of business on the Closing Date.

1.03 Closing. The closing (the "Closing") shall take place at the offices of Messrs. Jones, Walker, Waechter, Poitevent, Carrere and Denegre, Baton Rouge, Louisiana, on a mutually agreeable date (the "Closing Date"), not later than ten (10) days following satisfaction of all conditions to Closing set forth in Article IX, but after January 1, 1997. Assuming the conditions set forth in Article IX shall have been satisfied, the Closing shall be deemed effective as of the close of business of the Corporation on the date of the Closing. At the Closing:

(a) Purchaser shall deliver to Sellers by wire transfer or certified funds cash in an amount equal to One Hundred Two Thousand, Two Hundred Eighty-Two (\$102,282) Dollars, allocated among Sellers in proportion to their ownership of the remaining outstanding shares of capital stock of the Corporation, and shall deliver to Whitney National Bank Fifty Thousand and No/100 (\$50,000.00) Dollars to be held pursuant to the escrow agreement (the "Escrow Agreement") in the form attached hereto as Schedule 1.03(a), which shall also be executed at or prior to the Closing.

(b) Sellers shall deliver to Purchaser certificates representing in the aggregate One Thousand (1,000) shares of capital stock of the Corporation with stock powers attached executed in blank, with signature guaranteed, free and clear of any and all liens, mortgages, security interests and encumbrances.

(c) All officers and directors of the Corporation shall tender their resignations from such positions, said tender to occur simultaneously with the act of delivery of funds described in Section 1.03(a).

1.04 Post-Closing. Within ten (10) days following the date on which the Closing Balance Sheet has been agreed upon by the parties or otherwise determined to be accurate, if the Net Book Value of the Corporation as reflected on the Closing Balance Sheet is more than or less than the Net Book Value as reflected on the September 30, 1996 balance sheet of the Corporation, attached as part of Schedule 1.02(b)(2), Purchaser shall pay to or receive from, respectively, Sellers (in proportion to their present ownership of the Shares) cash (by wire transfer or bank cashier's check) equal to the difference. Failure by any Seller to make a payment required pursuant to this Section 1.04 shall constitute a breach of a covenant for which the remedies provided in Section 10.02 are applicable.

ARTICLE II

REPRESENTATIONS AND WARRANTIES OF SELLERS

For purposes of this Agreement the business (the "Business") of the Company is the onshore and offshore oil and gas production platform construction and maintenance business which consists of: outfitting and interconnect piping, painting and maintenance of onshore and offshore oil and gas production platforms; and the construction (including interconnect piping and pile driving) of shallow water and land platforms and pipeline installation. The phrase "in the ordinary course" means in the course of performing

any one or more of those enumerated activities. Sellers herewith represent and warrant to Purchaser as of the date hereof and as of the Closing Date (unless another date is expressly set forth below) that:

2.01 Corporate Existence and Power. The Corporation is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Louisiana, and the Corporation has all corporate powers and all material governmental licenses, permits, authorizations, consents and approvals required to carry on the Business as now conducted. Subject to the provisions of the following sentence, the Corporation is duly qualified to conduct business as a foreign corporation and is in good standing in each jurisdiction where the character of the property owned or leased by it or the nature of its activities make such qualification necessary. Sellers have heretofore delivered to Purchaser true and complete copies of the Corporation's Articles of Incorporation and By-Laws as currently in effect.

2.02 Governmental Authorization. The execution, delivery and performance by Sellers of this Agreement and the consummation by Sellers of the transactions contemplated hereby require no action by or in respect of, or filing with, any governmental body, agency, official or authority.

2.03 Non-Contravention. The execution, delivery and performance by Sellers of this Agreement and the consummation by Sellers of the transactions contemplated hereby do not and will not (i) contravene or conflict with the Articles of Incorporation or bylaws of the Corporation (other than any provision which may be waived by the Corporation and/or Sellers), (ii) contravene or conflict with or constitute a violation of any provision of law, regulation, judgment, injunction, order or decree binding upon or applicable to Sellers or the Corporation, or (iii) except as disclosed in Schedule 2.03, require any consent, approval or other action by any person or constitute a default under any obligation of Sellers or the Corporation under any provision of any contract or other instrument binding upon Sellers or the Corporation other than contracts and obligations which may be cancelled unilaterally upon notice to Sellers or the Corporation.

2.04 Subsidiaries. The Corporation does not own more than fifty (50%) percent of all outstanding shares of capital stock of, other ownership interests in, or other securities of any corporation or other entity.

2.05 Financial Statements. The balance sheet of the Corporation for the year ended December 31, 1995 (such date referred to herein as the "Balance Sheet Date" and such balance sheet the "Balance Sheet") and the related statements of income for the year ended December 31, 1995 (collectively, the "Financial Statements") have been previously delivered to Purchaser and are attached as Schedule 2.05. In all material respects, the Financial Statements fairly present the financial position of the Corporation as of the date thereof and its results of operations for the period then ended.

2.06 Absence of Certain Changes. Since the Balance Sheet Date to the date hereof, the Corporation has conducted the Business in the ordinary course consistent with past practice and, except as set forth in Schedule 2.06 or otherwise contemplated hereby, there has not been:

(a) Any event, occurrence, development or state of circumstances or facts which has had or could reasonably be expected to have a material adverse effect on the Corporation, except to the extent the effect is reflected in the Interim Financial Statements;

(b) Any incurrence, assumption or guarantee of any indebtedness for borrowed money or any material obligation or liability, except in the ordinary course of the Business consistent with past practice and except as reflected on the Interim Financial Statements;

(c) Any creation or other incurrence of any Lien (as defined in Section 2.08) on any asset of the Corporation, except in the ordinary course of the Business consistent with past practice and except as reflected in the Interim Financial Statements;

(d) Any making of any loan, advance or capital contributions to or investment in any person, except as reflected in the Interim Financial Statements;

(e) Any amendment of any material term of any outstanding security of Seller;

(f) Any material damage, destruction or other casualty loss affecting any of the assets of the Corporation, except those covered by insurance and except as reflected in the Interim Financial Statements;

(g) Any transaction or commitment made, or any contract or agreement entered into, by the Corporation relating to its assets or the Business or any relinquishment of any contract or other right, in either case, material to the Corporation, other than transactions and commitments (including acquisitions and dispositions of steel and equipment) in the ordinary course of the Business consistent with past practice and except as reflected in the Interim Financial Statements;

(h) Any declaration or payment of any dividend or other distribution by the Corporation or any repurchase, redemption or other acquisition for value of any security or other interest in the Corporation or any commitment to do any of the foregoing;

(i) Any general or specific increase in the salary or other compensation (including, without limitation, bonuses, profit sharing or deferred compensation) payable or to become payable to any employees of the Corporation, except in the ordinary course of the Business consistent with past practice;

(j) Any labor dispute, other than routine individual grievances, or any activity or proceeding by a labor union or representative thereof to organize any employees of the Corporation or any lockouts, strikes, slowdowns, work stoppages or threats thereof by or with respect to any employees of the Corporation; or

(k) Any agreement entered into to do any of the foregoing.

2.07 Properties.

(a) The Corporation has good and marketable title to, or in the case of leased property valid leasehold interests in, all property and assets (whether real or personal, tangible or intangible) reflected on the Balance Sheet or acquired after the Balance Sheet Date, except for properties and assets sold since the Balance Sheet Date in the ordinary course of business consistent with past practice. None of such properties or assets is subject to any liens, mortgages, security interests or other encumbrances (herein "Liens") except:

- (i) Liens disclosed on the Balance Sheet;
- (ii) Liens for taxes not yet due or being contested in good faith (and for which adequate accruals or reserves have been established on the Balance Sheet);
- (iii) Liens disclosed in Schedule 2.07(a) or which will be discharged at the Closing;
- (iv) Liens which do not materially detract from the value of such property or assets as now used, or materially interfere with any present or intended use of such property or assets; or
- (v) Liens in favor of vendors and lessors incurred in the ordinary course of business.

Clauses (i), (ii), (iii) (iv) and (v) are, collectively, referred to herein as "Permitted Liens".

(b) To the knowledge of Sellers and except as reflected on the Interim Financial Statements, there are no developments affecting any of such properties or assets pending or threatened which could materially detract from the value of such property or assets, materially interfere with any present or intended use of any such property or assets or materially adversely affect the marketability of such properties or assets.

(c) All such leases of real and personal property with respect to which the Corporation is a lessee are as of the date hereof and will be on the Closing Date valid, binding and

enforceable in accordance with their respective terms and there does not exist under any such lease any material default or any event which with notice or lapse of time or both would constitute a material default.

(d) Schedule 2.07(d) identifies all real and personal property used or held for use in connection with the Business as of the date hereof (the "Property") and contains an accurate balance sheet showing the adjusted tax basis of all of the Corporation's assets for United States income tax purposes at September 30, 1996. The plants, buildings, structures, tools, steel inventory and equipment reflected on the Balance Sheet or acquired after the Balance Sheet Date through the date hereof have no material defects, are in good operating condition and repair and have been reasonably maintained consistent with standards generally followed in the industry (giving due account to the age and length of use of same, ordinary wear and tear excepted), are suitable for their present uses and, in the case of plants, buildings and other structures (including without limitation, the roofs thereof), are structurally sound, except as set forth on Schedule 2.07(d). Such plants, buildings and structures currently have access to (1) public roads or valid easements over private streets or private property for such ingress to and egress from all such plants, buildings and structures and (2) water supply, storm and sanitary sewer facilities, telephone, gas and electrical connections, fire protection, drainage and other public utilities, as is necessary for the conduct of the Business. None of the material structures on the immovable or real property of the Corporation encroaches upon real property of another person, and no structure of any other person substantially encroaches upon any immovable or real property of the Corporation. All items of equipment listed on Schedule 2.07(d) are in the possession and control of the Corporation and will be in the Corporation's possession and control on the Closing Date and are in good operating condition and are adequately performing the tasks which they are designed to perform.

2.08 Sufficiency of and Title to the Purchased Assets.

(a) The assets (the "Assets") disclosed on the Balance Sheet and in Schedule 2.07(d) constitute as of the date thereof and hereof, respectively, all of the assets or property used or held for use in the Business and are adequate to conduct the Business as presently conducted.

(b) Upon consummation of the transactions contemplated hereby, the Corporation will have good and marketable title in and to each of the Assets, free and clear of all Liens, except for Permitted Liens.

2.09 No Undisclosed Material Liabilities. Except as disclosed on Schedule 2.09, as of the Closing there will be no liabilities of the Corporation of any kind whatsoever, whether accrued, contingent, absolute, determined, determinable or otherwise, and there is no existing condition, situation or set of circumstances which could reasonably be expected to result in such a liability, other than:

- (i) Liabilities disclosed or provided for in the Interim Financial Statements;
- (ii) Liabilities for which adequate insurance is available; and,
- (iii) Liabilities incurred in the ordinary course of the Business, including tax liabilities and liabilities for personal injuries and property damage, which in the aggregate are not material to the Business taken as a whole.

2.10 Litigation. Except as set forth in Schedule 2.10, as of the date hereof there is no action, suit, investigation or proceeding (or any basis therefor) pending against, or to the knowledge of Sellers threatened against or affecting, Sellers, the Corporation or any of their or its properties before any court or arbitrator or any governmental body, agency, official or authority, which, individually or in the aggregate, if determined or resolved adversely to Sellers or the Corporation in accordance with the plaintiff's demands, would reasonably be expected to have a material adverse effect on Sellers or the Corporation or which in any manner challenges or seeks to prevent, enjoin, alter or materially delay the transactions contemplated by this Agreement.

2.11 Material Contracts.

(a) Except as disclosed in Schedule 2.11(a) and elsewhere in this Agreement, as of the date hereof the Corporation is not a party to or subject to:

- (i) Any lease of real or immovable property;
- (ii) Any lease that is material to the Corporation of personal or movable property as lessee;
- (iii) Any contract for the purchase of materials, supplies, goods, services, equipment or other assets, other than in the ordinary course of the Business;
- (iv) Any sales, distribution or other similar agreement providing for the sale by the Corporation of materials, supplies, goods, services, equipment or other assets, other than to customers in the ordinary course of the Business;
- (v) Any lease of any item of tangible personal or movable property or real or immovable property as lessor other than to customers in the ordinary course of the Business;
- (vi) Any partnership, joint venture or other similar contract, arrangement or agreement;
- (vii) Any contract relating to indebtedness for borrowed money (whether incurred, assumed, guaranteed or secured by any asset);
- (viii) Any license, franchise or similar agreement;
- (ix) Any agency, dealer, sales representative or other similar agreement;
- (x) Any contract or commitment that substantially limits the freedom of the Corporation to compete in any line of business or with any person or in any area or to own, operate, sell, transfer, pledge or otherwise dispose of or encumber any asset or which would so limit the freedom of the Corporation after the Closing;
- (xi) Any consulting agreement;
- (xii) Any contract relating to any guaranty or indemnity issued by the Corporation;
- (xiii) Any agreement relating to the acquisition or disposition of any part of the Business; or
- (xiv) Any other contract or commitment not made in the ordinary course of the Business consistent with past practice.

(b) Each contract disclosed in any schedule to this Agreement or required to be disclosed pursuant to Section 2.11(a) is a valid and binding agreement of the Corporation, and, to the knowledge of Sellers, as of the date hereof is in full force and effect, and neither the Corporation nor, to the knowledge of Sellers, any other party thereto is in default or breach in any material respect under the terms of any such Contract, nor, to the knowledge of Sellers, has any event or circumstance occurred that, with notice or lapse of time or both, would constitute any such default or breach.

2.12 Licenses and Permits. Schedule 2.12 correctly describes each material governmental license, permit, authorization, consent or approval affecting, or relating in any way to, the Corporation and its business, together with the name of the governmental agency or entity issuing such license or permit (the "Permits"). Except as set forth on Schedule 2.12, such Permits are valid and in full force and effect and will not be terminated or impaired or become terminable as a result of the transactions contemplated hereby.

2.13 Ability to Conduct the Business. Except as set forth in Schedule 2.13, as of the date hereof there is no contract, nor

any judgment, order, writ, injunction or decree that by its terms prevents or would reasonably be expected to prevent the use by the Corporation of the Assets or the conduct by the Corporation of the Business after the Closing Date.

2.14 Material Suppliers. Schedule 2.14 lists the five largest (in dollar value) suppliers of inventory to the Corporation during each of the last two completed fiscal years and through December 31, 1995. To the knowledge of Sellers, since the Balance Sheet Date there has not been any adverse change in the business relationship of the Corporation with any such supplier or with any supplier that is otherwise material to the Business or with any supplier as a result of the transactions contemplated hereby, except as disclosed on Schedule 2.14.

2.15 Insurance Coverage. Sellers have furnished or provided access to Purchaser to true and complete copies of, all insurance policies currently in effect covering the assets, the Business and the employees of the Corporation. Except as disclosed on Schedule 2.15, as of the date hereof there is no claim by the Corporation pending under any of such policies as to which coverage has been questioned, denied or disputed by the underwriters of such policies. All premiums payable under all such policies have been paid and the Corporation is otherwise in full compliance with the terms and conditions of all such policies.

2.16 Compliance with Laws; No Defaults.

(a) As of the date hereof, the Corporation is not in violation of, has not since December 31, 1995 violated, and to Sellers' knowledge is not under investigation with respect to or has not been threatened to be charged with or given notice of any violation of, any law, rules, ordinances or regulations, judgments, injunctions, orders or decrees binding upon or applicable to the Corporation, except for any violations set forth in Schedule 2.16(a) which would not, individually or in the aggregate, if finally determined adversely, result in a material adverse effect on the business of the Corporation.

(b) As of the date hereof, the Corporation is not in default under, and no condition exists that with notice or lapse of time or both would constitute a default under any contract or other instrument binding upon the Corporation or affecting or relating to its business or any license, authorization, permit, consent or approval held by the Corporation or affecting or relating to the Business, except as otherwise disclosed in this Agreement or in Schedules attached hereto.

2.17 Inventories. The inventories set forth in the Balance Sheet were properly stated therein at cost determined in accordance with generally accepted accounting principles applied on a consistent basis. Since the Balance Sheet Date, the inventories related to the Business have been maintained in the ordinary course of business. Except as set forth in Schedule 2.17, all such inventory is owned free and clear of all Liens, except Permitted Liens. All of the inventory recorded on the Balance Sheet consists of, and all inventory related to the Business on the Closing Date will consist of, items of a quality usable or saleable in the normal course of the Business consistent with past practices and are and will be in quantities sufficient for the normal operation of the Business in accordance with past practice.

2.18 Receivables. All accounts, notes and other receivables (other than receivables collected since December 31, 1995) reflected on the Balance Sheet are, and all accounts, notes and other receivables arising out of or otherwise relating to the Corporation's business as of the Closing will be, valid, binding and enforceable, subject to applicable laws governing bankruptcy, moratorium or creditors' rights generally which may prevent their enforcement. The dollar amount shown for all such accounts on the Interim Financial Statements, less the allowance for doubtful accounts shown thereon, is collectible in full. All accounts, notes and other receivables arising out of or otherwise relating to the Business at the Balance Sheet Date have been included in the Balance Sheet, and all accounts, notes and other receivables arising out of or otherwise relating to the Business at the Closing Date will be reflected on the Corporation's financial books and records.

2.19 Intellectual Property.

(a) Schedule 2.19(a) sets forth as of December 31, 1995 a list of all intellectual property rights (herein

"Intellectual Property Rights") used or held for use or otherwise necessary in connection with the conduct of the Business, specifying as to each, as applicable: (i) the nature of such Intellectual Property Right; (ii) the owner of such Intellectual Property Right and if Seller is not the owner, the rights held by the Corporation; (iii) the jurisdictions by or in which such Intellectual Property Right is recognized, issued or registered or in which an application for such issuance or registration has been filed, including the respective registration or application numbers; and (iv) material licenses, sublicenses and other agreements as to which the Corporation is a party and pursuant to which any person is authorized to use such Intellectual Property Right, including the identity of all parties thereto, a description of the nature and subject matter thereof, the applicable royalty and the term thereof.

(b) (i) Except as set forth in Schedule 2.19(b), the Corporation has not since January 1, 1996 been sued or charged in writing with or been a defendant in any claim, suit, action or proceeding relating to its business that has not been finally terminated prior to the date hereof and that involves a claim of infringement by the Corporation of any intellectual property rights of any other person, and (ii) the Corporation has no knowledge of any basis for any such claim of infringement, and no knowledge of any continuing infringement by any other person of any intellectual property rights used or held for use or otherwise necessary in connection with the conduct of the Business. No such intellectual property right is subject to any outstanding order, judgment, decree, stipulation or agreement restricting the use thereof by the Corporation or restricting the licensing thereof by the Corporation to any Person. The Corporation has not entered into any agreement to indemnify any other person against any charge of infringement of any intellectual property rights.

(c) As used herein, the term "Intellectual Property Right" means any trade name, trademark, service name, service mark, copyright, invention, patent, trade secret, know-how (including any registrations or applications for registration of any of the foregoing) or any other similar type of proprietary intellectual property right.

2.20 Employees. Schedule 2.20 identifies all of the Corporation's officers and key employees as of December 31, 1995. None of such key employees has indicated to the Corporation that he or she intends to resign or retire as a result of the transactions contemplated by this Agreement, except that E. M. Dupaquier and R. H. Marmande shall retire from the Corporation's employee on the Closing Date.

2.21 Fees. There is no investment banker, broker, financial advisor, finder or other intermediary which has been retained by or is authorized to act on behalf of Sellers who might be entitled to any fee or commission from Purchaser upon consummation of the transactions contemplated by this Agreement.

2.22 Environmental Matters.

(a) The following defined terms, as used herein, have the following meanings:

"CERCLA" means the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended.

"Environmental Laws" means any and all federal, state, local and foreign statutes, laws, judicial decisions, regulations, ordinances, rules, judgments, orders, decrees, codes, plans, injunctions, permits, concessions, grants, franchises, licenses, agreements and governmental restrictions, whether now or hereafter in effect, relating to human health, the environment or to emissions, discharges or releases of pollutants, contaminants, hazardous substances or wastes into the environment, including, without limitation, ambient air, surface water, ground water, or land, or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of pollutants, contaminants, hazardous substances or wastes or the clean-up or other remediation thereof.

"Environmental Liabilities" means any and all liabilities of, or relating to, Seller (including any entity which is, in whole or in part, a predecessor of Seller), whether vested or unvested, contingent or fixed, actual or potential, known or unknown, which (i) arise under or relate to matters covered by Environmental Laws (including without limitation any

matters disclosed or required to be disclosed in Schedule 2.22 hereto) and (iii) relate to actions occurring or conditions existing on or prior to the Closing Date.

"Environmental Permits" means all permits, licenses, authorizations, certificates and approvals of governmental authorities relating to or required by Environmental Laws and necessary or proper for the business of Seller as currently conducted.

"Hazardous Substance" means any toxic, radioactive, caustic or otherwise hazardous substance, including petroleum, its derivatives, by-products and other hydrocarbons, or any substance having any constituent elements displaying any of the foregoing characteristics, including, without limitation, any substance regulated under Environmental Laws.

"Regulated Activity" means any generation, treatment, storage, recycling, transportation or disposal of any Hazardous Substance.

"Release" means any discharge, emission or release including a Release as defined in CERCLA at 42 U.S.C. 9601 (22). The term "Released" has a corresponding meaning.

(b) Except as disclosed on Schedule 2.22 as of the date hereof:

- (i) No notice, notification, demand, request for information, citation, summons, complaint or order has been issued, no complaint has been filed, no penalty has been assessed and, to Seller's knowledge, no investigation or review is pending or threatened by any governmental entity or other person with respect to any (a) alleged violation by the Corporation of any Environmental Law or liability thereunder, (b) alleged failure by the Corporation to have any Environmental Permit, (c) Regulated Activity, or (d) Release of Hazardous Substances;
- (ii) Other than generation in compliance with all applicable Environmental Laws, (a) the Corporation has not engaged in any Regulated Activity and (b) no Regulated Activity has occurred at or on any property now or previously owned, leased or operated by the Corporation;
- (iii) No polychlorinated biphenyls, radioactive material, urea formaldehyde, lead, asbestos, asbestos-containing material or underground storage tank (active or abandoned) is or has been present at any property now or previously owned, leased or operated by the Corporation;
- (iv) No Hazardous Substance has been Released (and no notification of such Release has been filed or made) or is present (whether or not in a reportable or threshold planning quantity) at, on or under any property now or previously owned, leased or operated by the Corporation;
- (v) No property now or previously owned, leased or operated by the Corporation or any property to which the Corporation has, directly or indirectly, transported or arranged for the transportation of any Hazardous Substances is listed or, to Seller's knowledge, proposed for listing, on the National Priorities List promulgated pursuant to CERCLA, on CERCLIS (as defined in CERCLA) or on any similar federal, state or foreign list of sites requiring investigation or clean-up;
- (vi) There are no liens under Environmental Laws on any of the real property or other assets owned, leased or operated by the Corporation, no governmental actions have been taken or are in process which could subject any of such properties or assets to such liens and

the Corporation would not be required to place any notice or restriction relating to Hazardous Substances at any property owned by it in any deed to such property;

(vii) There are no Environmental Permits that are nontransferable or require consent, notification or other action to remain in full force and effect following the consummation of the transactions contemplated hereby; and

(viii) All Perchloroethylene and each other chemical substance used by the Corporation in connection with the business has been disposed of in accordance with all applicable laws, rules, regulations and pronouncements of the United States, all applicable states and all applicable boards, agencies, departments and other divisions thereof.

(c) There has been no environmental investigation, study, audit, test, review or other analysis conducted of which the Corporation or Sellers has knowledge in relation to the current or prior business of the Corporation or any property or facility now or previously owned or leased by the Corporation which has not been delivered to Purchaser at least five days prior to the date hereof.

(d) For purposes of this Section 2.22, the term "Corporation" shall include any entity which is, in whole or in part, a predecessor of the Corporation.

2.23 Labor Matters. As of the date hereof, the Corporation is in compliance with all currently applicable laws respecting employment and employment practices (including terms and conditions of employment, wages and hours) and is not engaged in any unfair labor practice, the failure to comply with which or engagement in which, as the case may be, would reasonably be expected to have a material adverse effect on the Business. As of the date hereof there is no unfair labor practice complaint pending or, to the knowledge of Sellers, threatened against the Corporation before the National Labor Relations Board or before any other state or local board, agency or tribunal.

2.24 The Shares. (a) There are presently outstanding and at the Closing there will be outstanding a total of One Thousand (1,000) shares of no par value voting common stock of the Corporation (the "Shares"). No other class of common, preferred or other type of shares of stock is presently outstanding.

(b) The issuance of all of the Shares has been duly authorized by all required action by the Corporation and all of the Shares are fully paid and non-assessable.

(c) The Shares are registered in the names of the persons and in the amounts set forth in Schedule 2.24(c). All of the Shares registered in the names of the above persons may be conveyed by them without the consent of an person, other than Consents of the Corporation and the other Sellers which are waivable by them at or prior to the Closing Date.

(d) None of the Shares is subject to any lien, mortgage, pledge, security interest or other encumbrance and each Seller has good and marketable title to all Shares registered in his name.

2.25 Binding Agreement. This Agreement constitutes a valid and binding obligation of Sellers.

2.26 Other Information. None of the documents or information delivered to Purchaser in connection with the transactions contemplated by this Agreement contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements contained therein not misleading.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF PURCHASER

Purchaser represents and warrants to Sellers that:

3.01 Organization and Existence. Purchaser is a corporation duly organized, validly existing and in good standing under the

laws of the State of Louisiana.

3.02 Corporate Authorization. The execution, delivery and performance by Purchaser of this Agreement and the consummation by Purchaser of the transactions contemplated hereby or thereby are within the powers of Purchaser and have been duly authorized by all necessary action on the part of Purchaser. This Agreement constitutes a valid and binding agreement of Purchaser.

3.03 Governmental Authorization. The execution, delivery and performance by Purchaser of this Agreement requires no action by or in respect of, or filing with, any governmental body, agency, official or authority.

3.04 Non-Contravention. The execution, delivery and performance by Purchaser of this Agreement does not and will not (i) contravene or conflict with the Articles of Incorporation or By-Laws of Purchaser or (ii) assuming compliance with the matters referred to in Section 3.03, contravene or conflict with any provision of any law, regulation, judgment, injunction, order or decree binding upon Purchaser.

3.05 Fees. There is no investment banker, broker, finder or other intermediary which has been retained by or is authorized to act on behalf of Purchaser who might be entitled to any fee or commission from Sellers upon consummation of the transactions contemplated by this Agreement.

3.06 Financing. Purchaser will have on the Closing Date sufficient funds available to purchase the Shares, provided all conditions set forth in Article IX are satisfied.

3.07 Litigation. There is no action, suit, investigation or proceeding pending against, or to the knowledge of Purchaser threatened against or affecting, Purchaser before any court or arbitrator or any governmental body, agency or official which in any matter challenges or seeks to prevent, enjoin, alter or materially delay the transactions contemplated hereby.

ARTICLE IV

COVENANTS OF SELLERS

4.01 Conduct of the Business. From the date hereof until the Closing Date, Sellers shall cause the Corporation to conduct the Business in the ordinary course consistent with past practice and cause the Corporation to exert its best efforts to preserve intact its business organization and relationships with third parties and to keep available the services of its present officers and employees. Without limiting the generality of the foregoing, from the date hereof until the Closing Date, Sellers shall not cause the Corporation to and the Corporation shall not:

- (i) Merge or consolidate with any other person or acquire a material amount of assets of any other person, other than steel, tools and equipment purchased in the ordinary course of the Business;
- (ii) Declare and/or pay any dividend or make any other distribution or transfer of cash or other assets to its shareholders in their capacities as such;
- (iii) Sell, lease, license or otherwise dispose of any assets except (a) pursuant to existing contracts or commitments and (b) in the ordinary course of the Business consistent with past practices; or
- (iv) Agree or commit to do any of the foregoing.

Sellers shall not permit the Corporation to (a) take or agree or commit to take any action that would make any representation and warranty of Sellers hereunder inaccurate in any respect at, or as of any time prior to, the Closing Date or (b) omit or agree to commit or omit to take any action necessary to prevent any such representation or warranty from being inaccurate in any respect at any such time.

4.02 "S" Election. Sellers and their spouses shall execute and cause the Corporation to execute Internal Revenue Service forms 2553 so as to elect the provisions of Subchapter S of the United States Internal Revenue Code, sections 1361, et seq., effective January 1, 1997 and shall deliver fully completed forms

2553 with all of their signatures to Purchaser on or before the earlier of the Closing Date or January 15, 1997.

4.03 Access to Information. Sellers (i) will give Purchaser, its counsel, financial advisors, auditors and other authorized representatives reasonable access to the offices, properties, books and records of the Corporation and will allow Purchaser or its representatives access to conduct all reasonable environmental tests and inspections, (ii) will furnish to Purchaser, its counsel, financial advisors, auditors and other authorized representatives such financial and operating data and other information relating to the Corporation as such persons may reasonably request and (iii) will instruct its employees, counsel and financial advisors to cooperate with Purchaser in its investigation of the Corporation; provided, however, Purchaser shall utilize the minimum number of personnel as will not interfere with the conduct of the Corporation's business and shall utilize them only at the times the Corporation is open for business. No investigation by Purchaser or other information received by Purchaser shall operate as a waiver or otherwise affect any representation, warranty or agreement given or made by Sellers hereunder.

4.04 Life Insurance Policies. Prior to the Closing, each seller shall purchase all policies of life insurance on his life owned by the Corporation for cash in the amount of the cash surrender values of these policies.

4.05 Notices of Certain Events. Sellers shall promptly notify Purchaser of:

- (i) Any notice or other communication from any person alleging that the consent of such person is or may be required in connection with the transactions contemplated by this Agreement;
- (ii) Any notice or other communication from any governmental or regulatory agency or authority in connection with the transactions contemplated by this Agreement;
- (iii) Any actions, suits, claims, investigations or proceedings commenced or, to its knowledge, threatened against, relating to or involving or otherwise affecting the Corporation or the Business that, if pending on the date of this Agreement, would have been required to have been disclosed pursuant to Section 2.10 or that relate to the consummation of the transactions contemplated by this Agreement.

ARTICLE V

COVENANTS OF PURCHASER

Purchaser agrees that:

5.01 Confidentiality. Prior to the Closing Date and for a period of one (1) year after any termination of this Agreement, Purchaser will hold, and will use its best efforts to cause its respective officers, directors, employees, accountants, counsel, consultants, advisors and agents to hold, in confidence, unless compelled to disclose by judicial or administrative process or by other requirements of law, all confidential documents and information (including, without limitation, confidential commercial information and information with respect to customers and proprietary systems, technologies or processes) concerning the Business or which the Corporation or Sellers furnished to Purchaser in connection with the transactions contemplated by this Agreement, except to the extent that such information can be shown to have been (i) previously known on a non-confidential basis by Purchaser, (ii) in the public domain through no fault of Purchaser or (iii) later lawfully acquired by Purchaser from sources other than the Corporation or Sellers; provided, that Purchaser may disclose such information to its officers, directors, employees, accountants, counsel, consultants, advisors and agents in connection with the transactions contemplated by this Agreement so long as such persons are informed by Purchaser of the confidential nature of such information and are directed by Purchaser to treat such information confidentially. This obligation shall be satisfied if Purchaser exercises the same reasonable and customary care, in light of the industry and its past practices, with respect to such information as it would take to preserve the confidentiality of its own confidential

information. If this Agreement is terminated, Purchaser will, and will use its best efforts to cause its officers, directors, employees, accountants, counsel, consultants, advisors and agents to, destroy or deliver to Sellers, upon request, all documents and other materials, and all copies thereof, obtained by Purchaser or on their behalf from Sellers or the Corporation in connection with this Agreement that are subject to such confidence. Purchaser agrees that it will retain all documents and other materials obtained by Purchaser from Sellers or the Corporation in connection with this Agreement and the transactions contemplated hereby for a reasonable and customary period of time and will not destroy any material documents during such period without first providing Seller with the opportunity of making copies thereof.

5.02 Access. On and after the Closing Date, Purchaser will afford promptly to Sellers through their representatives, E. M. Dupaquier and/or R. H. Marmande ("Sellers' Representatives"), reasonable access to the Corporation's properties, books, records, employees and auditors to the extent necessary to permit Sellers to determine any matter relating to their rights and obligations hereunder and Sellers' federal and state income and other tax liabilities with respect to any period ending on or before the Closing Date and shall maintain them for a period of five (5) years following the Closing or for such longer period as any audit (private, tax or other governmental) of those documents is continuing; provided that any such access by Sellers shall not unreasonably interfere with the conduct of the Business of the Corporation or Purchaser. Sellers will hold, and will use their best efforts to cause their officers, directors, employees, accountants, counsel, consultants, advisors and agents to hold, in confidence, unless compelled to disclose by judicial or administrative process or by other requirements of law, all confidential documents and information concerning Purchaser or the Business provided to them pursuant to this Section 5.02.

5.03 No Election Under Section 338. (a) Purchaser shall not cause nor shall the Corporation make or file any election under any provision of Section 338, including Section 338(h)(10), of the United States Internal Revenue Code (the "Code") with respect to the transactions contemplated by this Agreement.

(b) Purchaser shall take no action nor permit any action or course of conduct to be taken by it or by the Corporation, or permit the filing of any Section 338 election with respect to any other stock acquisition by Purchaser of any other corporation, if such filing would have the same effect as if a formal election under any provision of Section 338, including Section 338(h)(10), of the Code had been filed with respect to the transaction contemplated hereby.

ARTICLE VI

COVENANTS OF SELLERS AND PURCHASER

Sellers and Purchaser hereto agree that:

6.01 Consulting Agreements. At the Closing, E. M. Dupaquier, R. H. Marmande and the Company shall execute the Consulting Agreements in the forms attached hereto as Schedule 6.01.

6.02 Best Efforts; Further Assurances. Subject to the terms and conditions of this Agreement, each of Sellers and Purchaser will use their and its best efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary or desirable under applicable laws and regulations to consummate the transactions contemplated by this Agreement. Sellers and Purchaser each agree to execute and deliver such other documents, certificates, agreements and other writings and to take such other actions as may be necessary or desirable in order to consummate or implement expeditiously the transactions contemplated by this Agreement, but without expanding the obligations and responsibilities of any party hereunder.

6.03 Certain Filings. Sellers and Purchaser shall cooperate with one another (a) in determining whether any action by or in respect of, or filing with, any governmental body, agency, official or authority is required, or any actions, consents, approvals or waivers are required to be obtained from parties to any material contracts, in connection with the consummation of the transactions contemplated by this Agreement, and (b) in taking such actions or making any such filings, furnishing information required in connection therewith and seeking timely to obtain any such actions, consents, approvals or waivers.

6.04 Public Announcements. The parties agree to consult with each other before issuing any press release or making any public statement with respect to this Agreement or the transactions contemplated hereby and, except as may be required by applicable law, will not issue any such press release or make any such public statement prior to such consultation.

ARTICLE VII

TAX MATTERS

7.01 Tax Definitions. The following terms, as used herein, have the following meanings:

"Code" means the Internal Revenue Code of 1986, as amended.

"Post-Closing Tax Period" means any tax period ending after the Closing Date, except that with respect to a tax period that commences before but ends after the Closing Date, the portion of such period after the close of business on the Closing Date.

"Pre-Closing Tax Period" means any tax period ending on or before the close of business on the Closing Date and with respect to a tax period that commences before but ends after the Closing Date, the portion of such period up to the close of business on the Closing Date.

"Tax" means (i) any net income, alternative or add-on minimum, gross income, gross receipts, sales, use, ad valorem, franchise, capital, paid-up capital, profits, greenmail, license, withholding, payroll, employment, excise, severance, stamp, occupation, premium, property, windfall profit tax, custom, duty or other tax, governmental fee or other like assessment or charge of any kind whatsoever, together with any interest or any penalty, addition to tax or additional amount imposed by any governmental authority (domestic or foreign) responsible for the imposition of any such tax (a "Taxing Authority") and (ii) any liability to any person (including any applicable Taxing Authority) in respect of any tax included in Clause (i) above by reason of any indemnity, transferee liability, contractual or legal obligation.

7.02 Tax Matters. Sellers hereby represent and warrant to Purchaser as of the date hereof and as of the Closing Date that, except as provided in Schedule 7.02, the Corporation has paid or will timely pay all material taxes payable by the Corporation and attributable to any Pre-Closing Tax Period which are required to be paid on or prior to the Closing Date, the non-payment of which would result in a lien on the Shares on or after the Closing Date, would otherwise materially adversely affect the Business after the Closing Date or would result in Purchaser becoming liable therefor, except for taxes caused by an actual or deemed election under Section 338 of the Code, which is Purchaser's responsibility pursuant to Section 5.03. Sellers herewith represent that the only Taxes which will be owed by the Corporation as of the Closing Date are those which arise or have arisen or have been incurred in the ordinary course of the Corporation's Business. The Corporation has filed all required income, franchise, sales, ad valorem, employment and other tax returns and paid the total amount of Taxes due by it. The provision for the corporate income and franchise tax liability of the Corporation for all periods through the Closing Date as shown on the Closing Balance Sheet will be adequate relative to the Corporation's actual liability therefor as finally determined. Sellers represent that the Corporation is not prohibited by any law, rule or regulation from electing the provisions of Subchapter S of the Code, sections 1361, et seq., commencing January 1, 1997.

7.03 Tax Cooperation: Allocation of Taxes.

(a) Purchaser and Sellers agree to furnish or cause to be furnished to each other, upon request, as promptly as practicable, such information and assistance relating to the Corporation, the non-compete covenant described in Section 4.01 and the Business as is reasonably necessary for the filing of all tax returns, and making of any election related to taxes, the preparation for any audit by any taxing authority, and the prosecution or defense of any claim, suit or proceeding relating to any tax return. Sellers and Purchaser shall cooperate with each other in the conduct of any audit or other proceeding related to taxes involving the Business and each shall execute

and deliver such powers of attorney and other documents as are reasonably necessary to carry out the intent of this Paragraph (a) of Section 7.03.

(b) Any transfer, documentary, sales, use or other taxes arising in connection with the transactions contemplated by this Agreement and any recording or filing fees with respect thereto (each, a "Transfer Tax") shall be the responsibility of Purchaser.

(c) Each of Sellers and Purchaser shall execute all required elections pursuant to section 1377(a)(2) of the Code to terminate the Corporation's taxable year commencing January 1, 1997 and ending as of the close of business on the Closing Date (as defined in Section 1.03 entitled "Closing"), and allocate all of the Corporation's income or loss for that period to Sellers and the Corporation's income or loss for the remainder of calendar year 1997 to Purchaser.

ARTICLE VIII

EMPLOYEE BENEFITS

8.01 Employee Benefits Definitions. The following terms, as used herein, shall have the following meanings:

"Benefit Arrangement" means any employment, severance or similar contract, or any other contract, plan, policy or arrangement (whether or not written) providing for compensation, bonus, profit-sharing, stock option or other stock related rights or other forms of incentive or deferred compensation, vacation benefits, insurance coverage (including any self-insured arrangements), health or medical benefits, disability benefits, workers' compensation, supplemental unemployment benefits, severance benefits and post-employment or retirement benefits (including compensation, pension, health, medical or life insurance benefits) that (i) is not an Employee Plan, (ii) is entered into, maintained, administered or contributed to, as the case may be, by Seller and (iii) covers any employee or former employee of the Corporation.

"Employee Plan" means any "employee benefit plan" as defined in Section 3(3) of ERISA, that (i) is subject to any provision of ERISA, (ii) is maintained, administered or contributed to by the Corporation and (iii) covers an employee or former employee of the Corporation.

"ERISA Affiliate" of any entity means any other entity which, together with such entity, would be treated as a single employer under Section 414 of the Code.

"Multi-Employer Plan" means each Employee Plan that is a multi-employer plan, as defined in Section 3(37) of ERISA.

"PBGC" means the Pension Benefit Guaranty Corporation.

"Title IV Plan" means an Employee Plan, other than any Multi-Employer Plan, subject to Title IV of ERISA.

8.02 Employee Matters. The Sellers hereby represent and warrant to Purchaser as of the date hereof:

(a) Schedule 8.02(a) lists each Employee Plan. Sellers have provided or allow Purchaser access to as a true and complete copy of each such Plan (and, if applicable, related trust documents) and all amendments thereto and written interpretations thereof together with (i) the three most recent annual reports prepared in connection with each such Employee Plan (Form 5500 including, if applicable, Schedule B thereto) and (ii) the most recent actuarial report, if any, prepared in connection with each Employee Plan. Schedule 8.02(a) identifies each person who is a participant or who is eligible to participate in each Employee Plan who is not an active employee of Seller. The term "active employee" shall mean any person who, on the Closing Date, is actively employed by the Corporation or who is on short-term disability leave, authorized leave of absence, military service or lay-off with recall rights as of the Closing Date.

(b) Schedule 8.02(b) sets forth all Benefit Arrangements presently in place for all employees of the Corporation.

(c) As of the date hereof, there is no litigation, administrative or arbitration proceeding or other dispute pending

or threatened that involves any Employee Plan or Benefit Arrangement which could reasonably be expected to result in a liability to the Corporation or Purchaser.

(d) No Employee Plan is (i) a Multi-Employer Plan, (ii) a Title IV Plan or (iii) is maintained in connection with any trust described in Section 501(c)(9) of the Code. No "prohibited transaction", as defined in Section 406 of ERISA or Section 4975 of the Code, has occurred that could result in a liability to the Corporation, Purchaser or any of its Affiliates. As used herein the term "Affiliate" means any individual, group of individuals, corporation, partnership or other entity controlled by, controlling or under common control with the person or entity with respect to which that term is used. Neither the Corporation nor any of its current or former Affiliates (while an Affiliate) has within the last five (5) years engaged in or is a successor or parent corporation to an entity that has engaged in, a transaction described in Section 4069 of ERISA. Neither the Corporation nor any of its current or former Affiliates has ever maintained or become obligated to contribute to any employee benefit plan (i) that is subject to Title IV of ERISA, (ii) to which Section 412 of the Code applies, or (iii) that is a multi-employer plan under Title IV of ERISA. The Corporation has not incurred, and does not reasonably expect to incur, (a) any liability under Title IV of ERISA arising in connection with the termination of, or complete or partial withdrawal from, any plan covered or previously covered by Title V of ERISA or (b) any liability under Section 4971 of the Code that in either case could become a liability of the Corporation or any of its Affiliates after the Closing Date.

(e) Each Employee Plan which is intended to be qualified under Section 401(a) of the Code is so qualified and has been so qualified during the period from its adoption to date, and no event has occurred since such adoption that would adversely affect such qualification and each trust created in connection with each such Employee Plan forming a part thereof is exempt from tax pursuant to Section 501(a) of the Code. Sellers have furnished to Purchaser copies of the most recent Internal Revenue Service determination letters with respect to each such Plan. Each Employee Plan has been maintained in compliance with its terms and with the requirements prescribed by any and all applicable statutes, orders, rules and regulations including but not limited to ERISA and the Code.

(f) Seller has furnished to Purchaser copies or descriptions of each Benefit Arrangement. Each Benefit Arrangement has been maintained in substantial compliance with its terms and with the requirements prescribed by any and all statutes, orders, rules and regulations which are applicable to such Benefit Arrangement. Schedule 8.02(f) identifies each individual eligible to receive a benefit under a Benefit Arrangement who is not an active employee, as defined in Section 8.02(a), of the Corporation.

(g) The Corporation has no current or projected liability in respect of post-retirement or post-employment welfare benefits for retired, current or former employees, except as required to avoid excise tax under Section 4980B of the Code.

(h) Except as disclosed in writing to Purchaser prior to the date hereof, there has been no amendment to, written interpretation of or announcement (whether written or not written) by the Corporation or any of its Affiliates relating to, or change in employee participation or coverage under, any Employee Plan or Benefit Arrangement which would increase materially the expense of maintaining such Employee Plan or Benefit Arrangement above the level of the expense incurred in respect thereof in connection with the Corporation's Employees for the most recently completed fiscal year.

(i) No employee of the Corporation will become entitled to any bonus, retirement, severance, job security or similar benefit or enhanced such benefit (including acceleration of an award, vesting or exercise of an incentive award) or any fee or payment of any kind solely as a result of any of the transactions contemplated hereby.

(j) There is no contract, plan or arrangement (written or otherwise) covering any employee or former employee of the Corporation or any of its Affiliates that, individually or collectively, could give rise to the payment of any amount that would not be deductible pursuant to the terms of Section 280G of the Code.

(k) No tax under Section 4980B of the Code has been incurred in respect of any Employee Plan that is a group health plan, as defined in Section 5000(b)(1) of the Code.

ARTICLE IX

CONDITIONS TO CLOSING

9.01 Conditions to the Obligations of Each Party. The obligations of Purchaser and Sellers to consummate the Closing are subject to the satisfaction, or waiver by both parties, of the following conditions:

(a) No provision of any applicable law or regulation and no judgment, injunction, order or decree shall (i) prohibit the consummation of the Closing or (ii) restrain, prohibit or otherwise interfere with the effective operation or enjoyment by Purchaser of the Shares.

(b) All actions by or in respect of or filings with any governmental body, agency, official or authority required to permit the consummation of the Closing, and all material third party consents necessary in connection with the consummation of the Closing, shall have been obtained.

(c) All waivers of applicable rights of first refusal by the Corporation and the Sellers have been obtained to permit consummation of the transactions contemplated herein.

9.02 Conditions to Obligations of Purchaser. The obligation of Purchaser to consummate the Closing is subject to the satisfaction of the following further conditions:

(a) (i) Sellers shall have performed in all material respects all of their obligations hereunder required to be performed by them at or prior to the Closing Date (including their obligations set forth in Section 4.02), (ii) the representations and warranties of Sellers contained in this Agreement and in any certificate or other writing delivered by Sellers pursuant thereto, disregarding all qualifications and exceptions contained therein relating to materiality, shall be true at and as of the respective dates applicable to each of them as set forth herein, and (iii) Purchaser shall have received a certificate signed by the President of the Corporation to the foregoing effects.

(b) No proceeding challenging this Agreement or the transactions contemplated hereby or seeking to prohibit, alter, prevent or materially delay the Closing shall have been instituted by any person before any court, arbitrator or governmental body, agency or official nor shall they be pending.

(c) Purchaser shall have received all documents it may reasonably request relating to the existence of and good standing of the Corporation.

(d) The Corporation shall have been issued an owner's title insurance policy with respect to all real or immovable property in a form and only with such exceptions as are reasonably acceptable to Purchaser. The cost of the owner's title insurance policy shall be borne equally between Sellers and Purchaser.

(e) Nothing has come to Purchaser's attention which would indicate that any of the representations and warranties of Sellers are untrue in any material respect or that Sellers have failed to perform any of their covenants contained herein.

9.03 Conditions to Obligations of Sellers. The obligation of Sellers to consummate the Closing is subject to the satisfaction of the following further conditions:

(a) (i) Purchaser shall have performed in all material respects all of its obligations hereunder required to be performed by it at or prior to the Closing Date and (ii) the representations and warranties of Purchaser contained in this Agreement and in any certificate or other writing delivered by Purchaser pursuant hereto shall be true in all material respects at and as of the Closing Date, as if made at and as of such date.

(b) Sellers shall have received all documents they may reasonably request relating to the existence of Purchaser and the authority of Purchaser to execute and consummate this Agreement, all in form and substance reasonably satisfactory to Seller.

ARTICLE X

SURVIVAL; INDEMNIFICATION

10.01 Survival. The covenants, agreements, representations and warranties of the parties hereto contained in this Agreement or in any certificate or other writing delivered pursuant hereto or in connection herewith shall survive the Closing.

10.02 Indemnification.

(a) Sellers ("Indemnifying Party" or "Indemnifying Parties") jointly, severally and in solido hereby indemnify Purchaser and all of Purchaser's officers, directors, employees and shareholders (hereinafter "Indemnified Parties") against and agree to defend and hold them harmless from and against any and all damage, loss, liability and expense, including, without limitation, reasonable expenses of investigation and reasonable attorneys' fees and expenses in connection with any action, suit or proceeding (collectively, "Loss") incurred or suffered by any of the Indemnified Parties arising out of any willful misrepresentation or breach of warranty, covenant or agreement made or to be performed by Sellers pursuant to this Agreement, including all of those made by Sellers in Articles I, II, IV, VI, VII and VIII hereof. Sellers shall have no obligation with respect to any loss, claim, demand, suit or action against the Corporation or Purchaser notice of which is given to Sellers' Representatives after December 31, 1998 as to all claims, demands, suits or actions other than for the payment of any Tax and after December 31, 2000 as to all claims, demands, suits or actions for the payment of any Tax.

(b) Purchaser hereby agrees to defend and indemnify Sellers against and to hold Sellers harmless from any and all Loss incurred or suffered by Sellers arising out of any failure to perform, misrepresentation or breach of any warranty, covenant or agreement made or to be performed by Purchaser pursuant to this Agreement. Purchaser shall have no obligation with respect to any loss, claim, demand, suit or action against Sellers notice of which is given to Purchaser (by Sellers or any other person or governmental agency) after December 31, 1998.

(c) Except as otherwise provided in Section 10.03 hereof in respect of matters relating to Taxes, the following provisions shall apply:

(i) Promptly after receipt by an Indemnified Party of notice of the commencement of any action or proceeding involving a claim in respect of which indemnification is being sought, such Indemnified Party will, if a claim for indemnification hereunder is to be made against the Indemnifying Party, give written notice to the Indemnifying Parties (through Sellers' Representatives) of the commencement of such action or proceeding, the basis for such claim for indemnification and such other information relating thereto as the Indemnifying Party may reasonably request; provided, however, that failure to so notify the Indemnifying Parties or to provide such information shall not relieve such Indemnifying Parties from any liability which they may have with respect to such claim, except to the extent that they are actually materially prejudiced by such failure to give notice.

(ii) In case any such action is brought against an Indemnified Party, the Indemnified Party shall assume and control the defense of such action with counsel selected by the Indemnified Party. It is understood that the Indemnifying Parties shall not, in connection with any action or related actions in the same jurisdiction, be liable for the fees and disbursements of more than one separate firm qualified in such jurisdiction to act as counsel for all Indemnified Parties, unless in any such Indemnified Party's reasonable judgment (i) a conflict of interest between such Indemnified Party and any other Indemnified Party may exist in respect of such claim or (ii) such Indemnified Party has available to it reasonable defenses which are different from or additional to those available to other Indemnified Parties. The Indemnifying Parties shall not be liable for any settlement of any proceeding effected without their written consent (given by Sellers' Representatives), but if settled with such consent or if there shall be a final judgment for the plaintiff, the Indemnifying Parties agree to indemnify the Indemnified Party and hold the Indemnified Party harmless from and against any Losses by reason of such settlement or judgment (it being understood that if the Sellers are the Indemnifying Party such indemnification obligation shall be joint and several). The Indemnifying Parties shall not, without the

consent of the Indemnified Party, consent to entry of any judgment or enter into any settlement which does not include as an unconditional term the giving by the claimant or plaintiff to such Indemnified Party of a release from all liability in respect to such claim or litigation. Any dispute as to whether any Indemnified Party is entitled to indemnification in connection with any action or proceeding under Section 10.02(c), the defense or settlement of such action or proceeding, or any other rights or obligations of the parties hereto in connection with such action or proceeding shall be submitted to arbitration in accordance with Section 12.06 of this Agreement.

(iii) In the event that an Indemnified Party shall claim a right to payment pursuant to this Agreement with respect to which there has been no action or proceeding involving such claim, such Indemnified Party shall send written notice of such claim to the Indemnifying Parties. Such notice shall specify the basis for such claim in reasonable detail. As promptly as possible after the Indemnified Party has given such notice, such Indemnified Party and the Indemnifying Parties (acting through Sellers' Representatives) shall establish the merits and amount of Losses, if any, to which the Indemnified Party is entitled. If the parties do not agree with respect to these matters within 30 days after the giving of such notice, either party may submit the matter to arbitration in accordance with Section 12.06 of this Agreement. In such arbitration, if the arbitrator determines that a breach of a representation, warranty, covenant or agreement in this Agreement by the Indemnifying Parties occurred and that such breach caused Losses to an Indemnified Party, the arbitrator will determine the amount of any such Losses. Within ten business days after the final determination of the merits of such claim and amount of such Losses, each Indemnifying Party shall, subject to the limitations set forth herein, deliver to the Indemnified Party an amount of cash in immediately available funds sufficient to satisfy such Losses or the portion of such Losses for which such Indemnifying Party is obligated to provide indemnity hereunder.

(iv) If any Seller fails to timely deliver cash in the amount of any Losses payable by such Seller under the terms of this Agreement, Purchaser may withdraw from funds held in the Escrow Account (as defined below) an amount of cash equal to the amount of Losses which has not been paid by that Seller.

(d) Wherever this Agreement requires actions or decisions of the Indemnifying Parties, those actions or decisions shall be taken by either or both of Sellers' Representatives acting on behalf of all Indemnifying Parties.

10.03 Covenants Regarding Tax Matters.

(a) Taxes attributable to the taxable period of the Corporation beginning before and ending after the Closing Date shall be allocated (i) to the Sellers for the period up to and including the Closing Date to the extent such Taxes exceed the reserve therefor on the Closing Balance Sheet and (ii) to Purchaser for the period up to and including the Closing Date to the extent such Taxes do not exceed the reserve therefor on the Closing Date Balance Sheet and for the period subsequent to the Closing Date. For purposes of this Section 10.03(a), Taxes for the period up to and including the Closing Date and for the period subsequent to the Closing Date shall be determined on the basis of an interim closing of the books as of the Closing Date.

(b) The Sellers may not file any amended returns or refund claims in respect of any taxable period of the Corporation ending on or prior to the Closing Date.

(c) The Sellers shall cooperate fully with Purchaser and make available to Purchaser in a timely fashion such Tax data and other information as may be reasonably required for the preparation by Purchaser of any returns of the Corporation required to be prepared and filed by Purchaser hereunder. The Sellers and Purchaser shall make available to the other, as reasonably requested, all information, records or documents in their possession relating to Tax liabilities of the Corporation for all taxable periods of the Corporation ending on, prior to or including the Closing Date and shall preserve all such information, records and documents until the expiration of any applicable Tax statute of limitations or extensions thereof or, if a proceeding has been instituted for which the information, records or documents is required, until there is a final determination with respect to such proceeding.

(d)(i) Purchaser shall promptly notify the Sellers'

Representatives upon receipt by Purchaser or the Corporation of written notice of any Tax audits or of proposed assessments against the Corporation for taxable periods of the Corporation ending on or prior to the Closing Date; provided, however, that the failure of Purchaser to give Sellers' Representatives prompt notice as required herein shall not relieve the Sellers of any of their obligations hereunder, except to the extent that the Sellers are actually and materially prejudiced thereby. Purchaser shall have the right to represent the interests of the Corporation in any such Tax audit or administrative or court proceeding and to employ counsel of its choice; provided, however, that Purchaser may not agree to a settlement or compromise thereof without the prior written consent of Sellers' Representatives, which consent may be withheld solely in the event that Sellers' Representatives have been advised in writing by counsel reasonably acceptable to Purchaser that it is more likely than not that the issue under audit (or the proposed assessment) would be decided favorably to the Corporation and that written advice has been furnished to Purchaser. The Sellers agree that they will cooperate fully with Purchaser and its counsel in the defense against or compromise of any claim in any said audit or proceeding.

(ii) The Sellers shall promptly notify Purchaser upon receipt by the Sellers of written notice of any Tax audit or proposed assessment or other proposed change or adjustment which may affect the Corporation or its Tax attributes. The Sellers shall keep Purchaser duly informed of the progress thereof and, if the results of such Tax audit or proceeding may have an adverse effect on the Corporation, Purchaser or its affiliates for any taxable period including or ending after the Closing Date, then the Sellers may not agree to a settlement or compromise thereof without Purchaser's consent.

(e) Within ten (10) days after notice by Purchaser to Sellers' Representatives of the total amount of additional taxes, penalties and interest owed by the Corporation for periods prior to the Closing, Sellers shall remit to Purchaser the entire amount thereof less the future tax benefit attributable to the increase in future depreciation deductions as a result of the adjustment which caused those additional taxes. The future tax benefit shall be deemed equal to forty (40%) percent of the total additional depreciation which the Corporation would thereby be able to deduct in future years provided the amount of this reduction shall not exceed the amount of additional taxes (apart from penalties and interest) then owed by the Corporation. If any Seller fails to remit his entire proportionate share of the amount due, Purchaser may withdraw said amount from the Escrow Account, to the extent thereof, and if the Escrow Account is insufficient, any one or more of the other Sellers shall pay Purchaser the shortfall upon ten (10) days written notice.

(f) The Sellers and Purchaser agree to treat any indemnity payment made pursuant to this Agreement as an adjustment to the Purchase Price for federal, state, local and foreign income tax purposes. If, notwithstanding such treatment by the parties, any indemnity payment is determined to be taxable to Purchaser or the Corporation by any taxing authority, the Sellers shall indemnify Purchaser and its Affiliates for any Taxes payable by reason of the receipt of such indemnity payment (including any payments under this Section 10.03(f)).

ARTICLE XI

TERMINATION

11.01 Grounds for Termination. This Agreement may be terminated at any time prior to the Closing:

- (i) by mutual written agreement of Sellers' Representatives and Purchaser;
- (ii) By Purchaser if the Closing shall not have been consummated on or before January 15, 1997 unless extended by mutual agreement of Sellers' Representatives and Purchaser;
- (iii) By either Sellers' Representatives or Purchaser if there shall be any law or regulation that makes the consummation of the transactions contemplated hereby illegal or otherwise prohibited or if consummation of the transactions contemplated hereby would violate any nonappealable final order, decree or judgment of any court or governmental body

having competent jurisdiction; or,

- (iv) By Purchaser if anything has come to its attention that any of Sellers' representations or warranties are untrue in any respect or Purchaser has discovered any contamination or any Hazardous Substance on the premises of the Corporation or any violations of any Environmental Laws by the Corporation which have not been remedied as of the date of the discovery.

The party desiring to terminate this Agreement pursuant to Clauses (ii), (iii) or (iv) shall give notice of such termination to the other party.

11.02 Effect of Termination. If this Agreement is terminated as permitted by Section 11.01, such termination shall be without liability of any party (or of any shareholder, director, officer, employee, agent, consultant or representative of such party) to the other parties to this Agreement; provided that if such termination shall result from the willful failure of any party to fulfill a condition to the performance of the obligations of another party or to perform a covenant of this Agreement or from a willful breach by any party to this Agreement, such party shall be fully liable for any and all losses incurred or suffered by any other party as a result of such failure or breach. The provisions of Sections 5.01 and 12.03 shall survive any termination hereof pursuant to Section 11.01.

ARTICLE XII

MISCELLANEOUS

12.01 Notices. All notices, requests and other communications to either party hereunder shall be in writing (including facsimile, telecopy or similar writing) and shall be deemed given when delivered:

If to Purchaser, to: Gulf Island Fabrication, Inc.
Attn: Kerry J. Chauvin, President
583 Thompson Road
Houma, LA 70361-0310

With a Copy to: Robert R. Casey, Esq.
Four United Plaza, 5th Floor
8555 United Plaza Boulevard
Baton Rouge, LA 70809-7000

If to Sellers or to
Indemnifying Parties,
to Sellers'
Representatives: E. M. Dupaquier
206 Maple Avenue
Houma, LA 70364

R. H. Marmande
1321 Dularge Road

With a Copy to: P. J. McMahon, Esq.
P. O. Box 1545
Houma, LA 70361

Each of the above persons may change their address or facsimile number by notice to the other persons in the manner set forth above.

12.02 Amendments; No Waivers.

(a) Any provision of this Agreement may be amended or waived if, and only if, such amendment or waiver is in writing and signed, in the case of an amendment, by Purchaser and Seller, or in the case of a waiver, by the party against whom the waiver is to be effective.

(b) No failure or delay by any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the existence of any other right, power or privilege. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by law.

12.03 Expenses. All costs and expenses incurred in connection with this Agreement shall be paid by the party incurring such cost or expense.

12.04 Successors and Assigns. The provisions of this Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns; provided that neither party may assign, delegate or otherwise transfer any of its rights or obligations under this Agreement without the consent of the other party hereto. Neither this Agreement nor any provision hereof is intended to confer upon any person other than the parties hereto any rights or remedies hereunder.

12.05 Governing Law. This Agreement shall be construed in accordance with and governed by the law of the State of Louisiana without regard to the conflicts of law rules of such state.

12.06 Jurisdiction and Forum: Arbitration. Any controversy arising under, out of, in connection with, or relating to, this Agreement, and any amendment hereof, or the breach hereof or thereof, shall be determined and settled by arbitration in New Orleans, Louisiana by an arbitrator or arbitrators mutually agreed upon by Purchaser and the Sellers' Representatives or, if Purchaser and Sellers' Representatives shall fail or be unable to so agree within ten Business Days after the written request therefor by Purchaser or the Representatives to the other, such arbitrator or arbitrators as may be selected in accordance with the rules of the American Arbitration Association. Any award rendered therein shall specify the findings of fact of the arbitrator or arbitrators and the reasons for such award, with reference to and reliance on relevant law. Any such award shall be final and binding on each and all of the parties thereto and their personal representatives, and judgment may be entered thereon in any court having jurisdiction thereof.

12.07 Counterparts; Effectiveness. This Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. This Agreement shall become effective when each party hereto shall have received as a counterpart hereof signed by the other party hereto.

12.08 Entire Agreement. This Agreement and any other agreements referred to herein constitute the entire agreement between the parties with respect to the subject matter hereof and supersede all prior agreements, understandings and negotiations, both written and oral, between the parties with respect thereto. No representation, inducement, promise, understanding, condition or warranty not set forth herein has been made or relied upon by either party hereto.

12.09 Captions. The captions herein are included for convenience of reference only and shall be ignored in the construction or interpretation hereof.

12.10 Severability. In the event any one or more of the provisions of this Agreement shall be or become illegal or unenforceable in any respect, the validity, legality, operation and enforceability of the remaining provisions of this Agreement shall not be affected thereby.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers effective as of the day and year first above written but executed on the dates set forth below.

WITNESSES: GULF ISLAND FABRICATION, Purchaser

/s/ Elward Cunningham BY: /s/ Kerry J. Chauvin

Kerry J. Chauvin, President

/s/ John P. Laborde Date Executed: November 25, 1996

SELLERS:

/s/ Elward Cunningham /s/ R.H. Marmande

R. H. Marmande

/s/ John P. Laborde

Date Executed: November 25, 1996

/s/ Elward Cunningham

/s/ E. M. Dupaquier

E. M. Dupaquier

/s/ John P. Laborde

Date Executed: November 25, 1996

All schedules have been intentionally omitted. A copy of any omitted schedule will be furnished supplementally to the Commission upon request.

STOCK PURCHASE AGREEMENT

THIS STOCK PURCHASE AGREEMENT is made and entered into as of November 27, 1996 by, between and among Gulf Island Fabrication, Inc., a Louisiana corporation (hereinafter referred to as "Purchaser"), and E. M. Dupaquier and R. H. Marmande, the holders of all of the outstanding shares of capital stock (the "Sellers") of Dolphin Sales & Rentals, Inc. (the "Corporation" or the "Company"). E. M. Dupaquier and R. H. Marmande are also referred to herein variously as the "Officers" or "Sellers' Representatives".

W I T N E S S E T H :

WHEREAS, Sellers desire to sell and the Purchaser desire to purchase all of the outstanding shares (the "Shares") of common stock of the Corporation for the consideration and on the terms and conditions set forth herein; and,

WHEREAS, Purchaser and certain of the Sellers desire to enter into certain non-competition agreements (the "Non-Competition Agreements") as provided in Section 4.01.

NOW, THEREFORE, the parties hereto hereby agree as follows:

I.

PURCHASE AND SALE OF ASSETS

1.01 Purchase and Sale.

At the closing of the transaction contemplated hereby (the "Closing"), upon the terms and subject to the conditions contained in this Agreement, Purchaser shall purchase from Sellers and Sellers shall sell the Shares consisting of 1,000 shares of common stock, no par value per share, free and clear of any and all liens, mortgages, encumbrances and security interests.

1.02 Stock Purchase Price.

(a) The initial purchase price for the Shares ("Initial Purchase Price") shall be One Hundred Fifty-Two Thousand, Two Hundred Eighty-Two (\$152,282) Dollars which shall be allocated among the Sellers in proportion to the Shares sold by each of them to Purchaser.

(b)(1) The Initial Purchase Price shall be adjusted to the final purchase price ("Final Purchase Price") by increasing the Initial Purchase Price by the increase in the Net Book Value, as hereinafter defined, or by decreasing the Initial Purchase Price by the decrease in the Net Book Value of the Corporation between September 30, 1996 and the Closing as reflected on the Closing Balance Sheet (as hereinafter defined). However, the Final Purchase Price shall not be less than \$152,282.

(2) The term "Net Book Value" means the excess of (1) the book value of all of the Corporation's assets over (2) the book amounts of all the Corporation's current and long-term fixed liabilities and accrued expenses, including all unpaid ad valorem taxes prorated to the date of the Closing, whether or not any of the Corporation's assets are then subject to a lien therefor as of the Closing. All determinations of book value and book amounts shall be made in accordance with the accounting principles, methods and conventions employed in the preparation of the Corporation's September 30, 1996 balance sheet, a copy of which is attached as part of Schedule 1.02(b)(2) (hereinafter "Interim Financial Statements"), but with all intercompany payables, receivables and equity interests eliminated as among Dolphin Services, Inc., Dolphin Steel Sales, Inc. and Dolphin Sales & Rentals, Inc. as though they were members of a consolidated group. Net Book Value at September 30, 1996 was \$152,282.

(3) The term "Closing Balance Sheet" means for purposes of this Section 1.02(b) the balance sheet of the Corporation as of December 31, 1996 unless such date precedes the Closing by more than five (5) business days, in which case as of the date of the Closing ("Closing Date"), prepared in accordance with the same accounting principles, methods and conventions

employed in the preparation of the Corporation's Interim Financial Statements. The Closing Balance Sheet shall be prepared by a certified public accountant or certified public accounting firm designated by Purchaser and shall be presented to Sellers and Purchaser within forty-five (45) days following the Closing. In the event either Sellers or Purchaser disagree with any of the figures shown on the Closing Balance Sheet, they or it shall notify the other parties hereto, within ten (10) days after their receipt of the Closing Balance Sheet, and shall furnish the reasons why that party is in disagreement. If the parties have not resolved their disagreements with respect to the Closing Balance Sheet within twenty (20) days after said notice, Sellers and Purchaser shall submit the handling of any disputed items to an independent nationally recognized accounting firm (other than Price, Waterhouse & Co.) selected by Purchaser and Sellers. If Purchaser and Sellers are unable to agree upon such a nationally recognized independent accounting firm within ten (10) days after expiration of said twenty (20) day period, such an independent nationally recognized accounting firm ("Arbitrator") shall be selected in accordance with the rules of the American Arbitration Association. The Arbitrator shall submit the correct Closing Balance Sheet to Purchaser and Sellers and shall certify the increase or decrease in Net Book Value between the date of the Interim Financial Statements and the close of business on the Closing Date.

1.03 Closing. The closing (the "Closing") shall take place at the offices of Messrs. Jones, Walker, Waechter, Poitevent, Carrere and Denegre, Baton Rouge, Louisiana, on a mutually agreeable date (the "Closing Date"), not later than ten (10) days following satisfaction of all conditions to Closing set forth in Article IX, but after January 1, 1997. Assuming the conditions set forth in Article IX shall have been satisfied, the Closing shall be deemed effective as of the close of business of the Corporation on the date of the Closing. At the Closing:

(a) Purchaser shall deliver to Sellers by wire transfer or certified funds cash in an amount equal to One Hundred Two Thousand, Two Hundred Eighty-Two (\$102,282) Dollars, allocated among Sellers in proportion to their ownership of the remaining outstanding shares of capital stock of the Corporation, and shall deliver to Whitney National Bank Fifty Thousand and No/100 (\$50,000.00) Dollars to be held pursuant to the escrow agreement (the "Escrow Agreement") in the form attached hereto as Schedule 1.03(a), which shall also be executed at or prior to the Closing.

(b) Sellers shall deliver to Purchaser certificates representing in the aggregate One Thousand (1,000) shares of capital stock of the Corporation with stock powers attached executed in blank, with signature guaranteed, free and clear of any and all liens, mortgages, security interests and encumbrances.

(c) All officers and directors of the Corporation shall tender their resignations from such positions, said tender to occur simultaneously with the act of delivery of funds described in Section 1.03(a).

1.04 Post-Closing. Within ten (10) days following the date on which the Closing Balance Sheet has been agreed upon by the parties or otherwise determined to be accurate, if the Net Book Value of the Corporation as reflected on the Closing Balance Sheet is more than or less than the Net Book Value as reflected on the September 30, 1996 balance sheet of the Corporation, attached as part of Schedule 1.02(b)(2), Purchaser shall pay to or receive from, respectively, Sellers (in proportion to their present ownership of the Shares) cash (by wire transfer or bank cashier's check) equal to the difference. Failure by any Seller to make a payment required pursuant to this Section 1.04 shall constitute a breach of a covenant for which the remedies provided in Section 10.02 are applicable.

ARTICLE II

REPRESENTATIONS AND WARRANTIES OF SELLERS

For purposes of this Agreement the business (the "Business") of the Company is the onshore and offshore oil and gas production platform construction and maintenance business which consists of: outfitting and interconnect piping, painting and maintenance of onshore and offshore oil and gas production platforms; and the construction (including interconnect piping and pile driving) of shallow water and land platforms and pipeline installation. The phrase "in the ordinary course" means in the course of performing

any one or more of those enumerated activities. Sellers herewith represent and warrant to Purchaser as of the date hereof and as of the Closing Date (unless another date is expressly set forth below) that:

2.01 Corporate Existence and Power. The Corporation is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Louisiana, and the Corporation has all corporate powers and all material governmental licenses, permits, authorizations, consents and approvals required to carry on the Business as now conducted. Subject to the provisions of the following sentence, the Corporation is duly qualified to conduct business as a foreign corporation and is in good standing in each jurisdiction where the character of the property owned or leased by it or the nature of its activities make such qualification necessary. Sellers have heretofore delivered to Purchaser true and complete copies of the Corporation's Articles of Incorporation and By-Laws as currently in effect.

2.02 Governmental Authorization. The execution, delivery and performance by Sellers of this Agreement and the consummation by Sellers of the transactions contemplated hereby require no action by or in respect of, or filing with, any governmental body, agency, official or authority.

2.03 Non-Contravention. The execution, delivery and performance by Sellers of this Agreement and the consummation by Sellers of the transactions contemplated hereby do not and will not (i) contravene or conflict with the Articles of Incorporation or bylaws of the Corporation (other than any provision which may be waived by the Corporation and/or Sellers), (ii) contravene or conflict with or constitute a violation of any provision of law, regulation, judgment, injunction, order or decree binding upon or applicable to Sellers or the Corporation, or (iii) except as disclosed in Schedule 2.03, require any consent, approval or other action by any person or constitute a default under any obligation of Sellers or the Corporation under any provision of any contract or other instrument binding upon Sellers or the Corporation other than contracts and obligations which may be cancelled unilaterally upon notice to Sellers or the Corporation.

2.04 Subsidiaries. The Corporation does not own more than fifty (50%) percent of all outstanding shares of capital stock of, other ownership interests in, or other securities of any corporation or other entity.

2.05 Financial Statements. The balance sheet of the Corporation for the year ended December 31, 1995 (such date referred to herein as the "Balance Sheet Date" and such balance sheet the "Balance Sheet") and the related statements of income for the year ended December 31, 1995 (collectively, the "Financial Statements") have been previously delivered to Purchaser and are attached as Schedule 2.05. In all material respects, the Financial Statements fairly present the financial position of the Corporation as of the date thereof and its results of operations for the period then ended.

2.06 Absence of Certain Changes. Since the Balance Sheet Date to the date hereof, the Corporation has conducted the Business in the ordinary course consistent with past practice and, except as set forth in Schedule 2.06 or otherwise contemplated hereby, there has not been:

(a) Any event, occurrence, development or state of circumstances or facts which has had or could reasonably be expected to have a material adverse effect on the Corporation, except to the extent the effect is reflected in the Interim Financial Statements;

(b) Any incurrence, assumption or guarantee of any indebtedness for borrowed money or any material obligation or liability, except in the ordinary course of the Business consistent with past practice and except as reflected on the Interim Financial Statements;

(c) Any creation or other incurrence of any Lien (as defined in Section 2.08) on any asset of the Corporation, except in the ordinary course of the Business consistent with past practice and except as reflected in the Interim Financial Statements;

(d) Any making of any loan, advance or capital contributions to or investment in any person, except as reflected in the Interim Financial Statements;

(e) Any amendment of any material term of any outstanding security of Seller;

(f) Any material damage, destruction or other casualty loss affecting any of the assets of the Corporation, except those covered by insurance and except as reflected in the Interim Financial Statements;

(g) Any transaction or commitment made, or any contract or agreement entered into, by the Corporation relating to its assets or the Business or any relinquishment of any contract or other right, in either case, material to the Corporation, other than transactions and commitments (including acquisitions and dispositions of steel and equipment) in the ordinary course of the Business consistent with past practice and except as reflected in the Interim Financial Statements;

(h) Any declaration or payment of any dividend or other distribution by the Corporation or any repurchase, redemption or other acquisition for value of any security or other interest in the Corporation or any commitment to do any of the foregoing;

(i) Any general or specific increase in the salary or other compensation (including, without limitation, bonuses, profit sharing or deferred compensation) payable or to become payable to any employees of the Corporation, except in the ordinary course of the Business consistent with past practice;

(j) Any labor dispute, other than routine individual grievances, or any activity or proceeding by a labor union or representative thereof to organize any employees of the Corporation or any lockouts, strikes, slowdowns, work stoppages or threats thereof by or with respect to any employees of the Corporation; or

(k) Any agreement entered into to do any of the foregoing.

2.07 Properties.

(a) The Corporation has good and marketable title to, or in the case of leased property valid leasehold interests in, all property and assets (whether real or personal, tangible or intangible) reflected on the Balance Sheet or acquired after the Balance Sheet Date, except for properties and assets sold since the Balance Sheet Date in the ordinary course of business consistent with past practice. None of such properties or assets is subject to any liens, mortgages, security interests or other encumbrances (herein "Liens") except:

- (i) Liens disclosed on the Balance Sheet;
- (ii) Liens for taxes not yet due or being contested in good faith (and for which adequate accruals or reserves have been established on the Balance Sheet);
- (iii) Liens disclosed in Schedule 2.07(a) or which will be discharged at the Closing;
- (iv) Liens which do not materially detract from the value of such property or assets as now used, or materially interfere with any present or intended use of such property or assets; or
- (v) Liens in favor of vendors and lessors incurred in the ordinary course of business.

Clauses (i), (ii), (iii) (iv) and (v) are, collectively, referred to herein as "Permitted Liens".

(b) To the knowledge of Sellers and except as reflected on the Interim Financial Statements, there are no developments affecting any of such properties or assets pending or threatened which could materially detract from the value of such property or assets, materially interfere with any present or intended use of any such property or assets or materially adversely affect the marketability of such properties or assets.

(c) All such leases of real and personal property with respect to which the Corporation is a lessee are as of the date hereof and will be on the Closing Date valid, binding and

enforceable in accordance with their respective terms and there does not exist under any such lease any material default or any event which with notice or lapse of time or both would constitute a material default.

(d) Schedule 2.07(d) identifies all real and personal property used or held for use in connection with the Business as of the date hereof (the "Property") and contains an accurate balance sheet showing the adjusted tax basis of all of the Corporation's assets for United States income tax purposes at September 30, 1996. The plants, buildings, structures, tools, steel inventory and equipment reflected on the Balance Sheet or acquired after the Balance Sheet Date through the date hereof have no material defects, are in good operating condition and repair and have been reasonably maintained consistent with standards generally followed in the industry (giving due account to the age and length of use of same, ordinary wear and tear excepted), are suitable for their present uses and, in the case of plants, buildings and other structures (including without limitation, the roofs thereof), are structurally sound, except as set forth on Schedule 2.07(d). Such plants, buildings and structures currently have access to (1) public roads or valid easements over private streets or private property for such ingress to and egress from all such plants, buildings and structures and (2) water supply, storm and sanitary sewer facilities, telephone, gas and electrical connections, fire protection, drainage and other public utilities, as is necessary for the conduct of the Business. None of the material structures on the immovable or real property of the Corporation encroaches upon real property of another person, and no structure of any other person substantially encroaches upon any immovable or real property of the Corporation. All items of equipment listed on Schedule 2.07(d) are in the possession and control of the Corporation and will be in the Corporation's possession and control on the Closing Date and are in good operating condition and are adequately performing the tasks which they are designed to perform.

2.08 Sufficiency of and Title to the Purchased Assets.

(a) The assets (the "Assets") disclosed on the Balance Sheet and in Schedule 2.07(d) constitute as of the date thereof and hereof, respectively, all of the assets or property used or held for use in the Business and are adequate to conduct the Business as presently conducted.

(b) Upon consummation of the transactions contemplated hereby, the Corporation will have good and marketable title in and to each of the Assets, free and clear of all Liens, except for Permitted Liens.

2.09 No Undisclosed Material Liabilities. Except as disclosed on Schedule 2.09, as of the Closing there will be no liabilities of the Corporation of any kind whatsoever, whether accrued, contingent, absolute, determined, determinable or otherwise, and there is no existing condition, situation or set of circumstances which could reasonably be expected to result in such a liability, other than:

- (i) Liabilities disclosed or provided for in the Interim Financial Statements;
- (ii) Liabilities for which adequate insurance is available; and,
- (iii) Liabilities incurred in the ordinary course of the Business, including tax liabilities and liabilities for personal injuries and property damage, which in the aggregate are not material to the Business taken as a whole.

2.10 Litigation. Except as set forth in Schedule 2.10, as of the date hereof there is no action, suit, investigation or proceeding (or any basis therefor) pending against, or to the knowledge of Sellers threatened against or affecting, Sellers, the Corporation or any of their or its properties before any court or arbitrator or any governmental body, agency, official or authority, which, individually or in the aggregate, if determined or resolved adversely to Sellers or the Corporation in accordance with the plaintiff's demands, would reasonably be expected to have a material adverse effect on Sellers or the Corporation or which in any manner challenges or seeks to prevent, enjoin, alter or materially delay the transactions contemplated by this Agreement.

2.11 Material Contracts.

(a) Except as disclosed in Schedule 2.11(a) and elsewhere in this Agreement, as of the date hereof the Corporation is not a party to or subject to:

- (i) Any lease of real or immovable property;
- (ii) Any lease that is material to the Corporation of personal or movable property as lessee;
- (iii) Any contract for the purchase of materials, supplies, goods, services, equipment or other assets, other than in the ordinary course of the Business;
- (iv) Any sales, distribution or other similar agreement providing for the sale by the Corporation of materials, supplies, goods, services, equipment or other assets, other than to customers in the ordinary course of the Business;
- (v) Any lease of any item of tangible personal or movable property or real or immovable property as lessor other than to customers in the ordinary course of the Business;
- (vi) Any partnership, joint venture or other similar contract, arrangement or agreement;
- (vii) Any contract relating to indebtedness for borrowed money (whether incurred, assumed, guaranteed or secured by any asset);
- (viii) Any license, franchise or similar agreement;
- (ix) Any agency, dealer, sales representative or other similar agreement;
- (x) Any contract or commitment that substantially limits the freedom of the Corporation to compete in any line of business or with any person or in any area or to own, operate, sell, transfer, pledge or otherwise dispose of or encumber any asset or which would so limit the freedom of the Corporation after the Closing;
- (xi) Any consulting agreement;
- (xii) Any contract relating to any guaranty or indemnity issued by the Corporation;
- (xiii) Any agreement relating to the acquisition or disposition of any part of the Business; or
- (xiv) Any other contract or commitment not made in the ordinary course of the Business consistent with past practice.

(b) Each contract disclosed in any schedule to this Agreement or required to be disclosed pursuant to Section 2.11(a) is a valid and binding agreement of the Corporation, and, to the knowledge of Sellers, as of the date hereof is in full force and effect, and neither the Corporation nor, to the knowledge of Sellers, any other party thereto is in default or breach in any material respect under the terms of any such Contract, nor, to the knowledge of Sellers, has any event or circumstance occurred that, with notice or lapse of time or both, would constitute any such default or breach.

2.12 Licenses and Permits. Schedule 2.12 correctly describes each material governmental license, permit, authorization, consent or approval affecting, or relating in any way to, the Corporation and its business, together with the name of the governmental agency or entity issuing such license or permit (the "Permits"). Except as set forth on Schedule 2.12, such Permits are valid and in full force and effect and will not be terminated or impaired or become terminable as a result of the transactions contemplated hereby.

2.13 Ability to Conduct the Business. Except as set forth in Schedule 2.13, as of the date hereof there is no contract, nor

any judgment, order, writ, injunction or decree that by its terms prevents or would reasonably be expected to prevent the use by the Corporation of the Assets or the conduct by the Corporation of the Business after the Closing Date.

2.14 Material Suppliers. Schedule 2.14 lists the five largest (in dollar value) suppliers of inventory to the Corporation during each of the last two completed fiscal years and through December 31, 1995. To the knowledge of Sellers, since the Balance Sheet Date there has not been any adverse change in the business relationship of the Corporation with any such supplier or with any supplier that is otherwise material to the Business or with any supplier as a result of the transactions contemplated hereby, except as disclosed on Schedule 2.14.

2.15 Insurance Coverage. Sellers have furnished or provided access to Purchaser to true and complete copies of, all insurance policies currently in effect covering the assets, the Business and the employees of the Corporation. Except as disclosed on Schedule 2.15, as of the date hereof there is no claim by the Corporation pending under any of such policies as to which coverage has been questioned, denied or disputed by the underwriters of such policies. All premiums payable under all such policies have been paid and the Corporation is otherwise in full compliance with the terms and conditions of all such policies.

2.16 Compliance with Laws; No Defaults.

(a) As of the date hereof, the Corporation is not in violation of, has not since December 31, 1995 violated, and to Sellers' knowledge is not under investigation with respect to or has not been threatened to be charged with or given notice of any violation of, any law, rules, ordinances or regulations, judgments, injunctions, orders or decrees binding upon or applicable to the Corporation, except for any violations set forth in Schedule 2.16(a) which would not, individually or in the aggregate, if finally determined adversely, result in a material adverse effect on the business of the Corporation.

(b) As of the date hereof, the Corporation is not in default under, and no condition exists that with notice or lapse of time or both would constitute a default under any contract or other instrument binding upon the Corporation or affecting or relating to its business or any license, authorization, permit, consent or approval held by the Corporation or affecting or relating to the Business, except as otherwise disclosed in this Agreement or in Schedules attached hereto.

2.17 Inventories. The inventories set forth in the Balance Sheet were properly stated therein at cost determined in accordance with generally accepted accounting principles applied on a consistent basis. Since the Balance Sheet Date, the inventories related to the Business have been maintained in the ordinary course of business. Except as set forth in Schedule 2.17, all such inventory is owned free and clear of all Liens, except Permitted Liens. All of the inventory recorded on the Balance Sheet consists of, and all inventory related to the Business on the Closing Date will consist of, items of a quality usable or saleable in the normal course of the Business consistent with past practices and are and will be in quantities sufficient for the normal operation of the Business in accordance with past practice.

2.18 Receivables. All accounts, notes and other receivables (other than receivables collected since December 31, 1995) reflected on the Balance Sheet are, and all accounts, notes and other receivables arising out of or otherwise relating to the Corporation's business as of the Closing will be, valid, binding and enforceable, subject to applicable laws governing bankruptcy, moratorium or creditors' rights generally which may prevent their enforcement. The dollar amount shown for all such accounts on the Interim Financial Statements, less the allowance for doubtful accounts shown thereon, is collectible in full. All accounts, notes and other receivables arising out of or otherwise relating to the Business at the Balance Sheet Date have been included in the Balance Sheet, and all accounts, notes and other receivables arising out of or otherwise relating to the Business at the Closing Date will be reflected on the Corporation's financial books and records.

2.19 Intellectual Property.

(a) Schedule 2.19(a) sets forth as of December 31, 1995 a list of all intellectual property rights (herein

"Intellectual Property Rights") used or held for use or otherwise necessary in connection with the conduct of the Business, specifying as to each, as applicable: (i) the nature of such Intellectual Property Right; (ii) the owner of such Intellectual Property Right and if Seller is not the owner, the rights held by the Corporation; (iii) the jurisdictions by or in which such Intellectual Property Right is recognized, issued or registered or in which an application for such issuance or registration has been filed, including the respective registration or application numbers; and (iv) material licenses, sublicenses and other agreements as to which the Corporation is a party and pursuant to which any person is authorized to use such Intellectual Property Right, including the identity of all parties thereto, a description of the nature and subject matter thereof, the applicable royalty and the term thereof.

(b) (i) Except as set forth in Schedule 2.19(b), the Corporation has not since January 1, 1996 been sued or charged in writing with or been a defendant in any claim, suit, action or proceeding relating to its business that has not been finally terminated prior to the date hereof and that involves a claim of infringement by the Corporation of any intellectual property rights of any other person, and (ii) the Corporation has no knowledge of any basis for any such claim of infringement, and no knowledge of any continuing infringement by any other person of any intellectual property rights used or held for use or otherwise necessary in connection with the conduct of the Business. No such intellectual property right is subject to any outstanding order, judgment, decree, stipulation or agreement restricting the use thereof by the Corporation or restricting the licensing thereof by the Corporation to any Person. The Corporation has not entered into any agreement to indemnify any other person against any charge of infringement of any intellectual property rights.

(c) As used herein, the term "Intellectual Property Right" means any trade name, trademark, service name, service mark, copyright, invention, patent, trade secret, know-how (including any registrations or applications for registration of any of the foregoing) or any other similar type of proprietary intellectual property right.

2.20 Employees. Schedule 2.20 identifies all of the Corporation's officers and key employees as of December 31, 1995. None of such key employees has indicated to the Corporation that he or she intends to resign or retire as a result of the transactions contemplated by this Agreement, except that E. M. Dupaquier and R. H. Marmande shall retire from the Corporation's employee on the Closing Date.

2.21 Fees. There is no investment banker, broker, financial advisor, finder or other intermediary which has been retained by or is authorized to act on behalf of Sellers who might be entitled to any fee or commission from Purchaser upon consummation of the transactions contemplated by this Agreement.

2.22 Environmental Matters.

(a) The following defined terms, as used herein, have the following meanings:

"CERCLA" means the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended.

"Environmental Laws" means any and all federal, state, local and foreign statutes, laws, judicial decisions, regulations, ordinances, rules, judgments, orders, decrees, codes, plans, injunctions, permits, concessions, grants, franchises, licenses, agreements and governmental restrictions, whether now or hereafter in effect, relating to human health, the environment or to emissions, discharges or releases of pollutants, contaminants, hazardous substances or wastes into the environment, including, without limitation, ambient air, surface water, ground water, or land, or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of pollutants, contaminants, hazardous substances or wastes or the clean-up or other remediation thereof.

"Environmental Liabilities" means any and all liabilities of, or relating to, Seller (including any entity which is, in whole or in part, a predecessor of Seller), whether vested or unvested, contingent or fixed, actual or potential, known or unknown, which (i) arise under or relate to matters covered by Environmental Laws (including without limitation any

matters disclosed or required to be disclosed in Schedule 2.22 hereto) and (iii) relate to actions occurring or conditions existing on or prior to the Closing Date.

"Environmental Permits" means all permits, licenses, authorizations, certificates and approvals of governmental authorities relating to or required by Environmental Laws and necessary or proper for the business of Seller as currently conducted.

"Hazardous Substance" means any toxic, radioactive, caustic or otherwise hazardous substance, including petroleum, its derivatives, by-products and other hydrocarbons, or any substance having any constituent elements displaying any of the foregoing characteristics, including, without limitation, any substance regulated under Environmental Laws.

"Regulated Activity" means any generation, treatment, storage, recycling, transportation or disposal of any Hazardous Substance.

"Release" means any discharge, emission or release including a Release as defined in CERCLA at 42 U.S.C. 9601 (22). The term "Released" has a corresponding meaning.

(b) Except as disclosed on Schedule 2.22 as of the date hereof:

- (i) No notice, notification, demand, request for information, citation, summons, complaint or order has been issued, no complaint has been filed, no penalty has been assessed and, to Seller's knowledge, no investigation or review is pending or threatened by any governmental entity or other person with respect to any (a) alleged violation by the Corporation of any Environmental Law or liability thereunder, (b) alleged failure by the Corporation to have any Environmental Permit, (c) Regulated Activity, or (d) Release of Hazardous Substances;
- (ii) Other than generation in compliance with all applicable Environmental Laws, (a) the Corporation has not engaged in any Regulated Activity and (b) no Regulated Activity has occurred at or on any property now or previously owned, leased or operated by the Corporation;
- (iii) No polychlorinated biphenyls, radioactive material, urea formaldehyde, lead, asbestos, asbestos-containing material or underground storage tank (active or abandoned) is or has been present at any property now or previously owned, leased or operated by the Corporation;
- (iv) No Hazardous Substance has been Released (and no notification of such Release has been filed or made) or is present (whether or not in a reportable or threshold planning quantity) at, on or under any property now or previously owned, leased or operated by the Corporation;
- (v) No property now or previously owned, leased or operated by the Corporation or any property to which the Corporation has, directly or indirectly, transported or arranged for the transportation of any Hazardous Substances is listed or, to Seller's knowledge, proposed for listing, on the National Priorities List promulgated pursuant to CERCLA, on CERCLIS (as defined in CERCLA) or on any similar federal, state or foreign list of sites requiring investigation or clean-up;
- (vi) There are no liens under Environmental Laws on any of the real property or other assets owned, leased or operated by the Corporation, no governmental actions have been taken or are in process which could subject any of such properties or assets to such liens and

the Corporation would not be required to place any notice or restriction relating to Hazardous Substances at any property owned by it in any deed to such property;

(vii) There are no Environmental Permits that are nontransferable or require consent, notification or other action to remain in full force and effect following the consummation of the transactions contemplated hereby; and

(viii) All Perchloroethylene and each other chemical substance used by the Corporation in connection with the business has been disposed of in accordance with all applicable laws, rules, regulations and pronouncements of the United States, all applicable states and all applicable boards, agencies, departments and other divisions thereof.

(c) There has been no environmental investigation, study, audit, test, review or other analysis conducted of which the Corporation or Sellers has knowledge in relation to the current or prior business of the Corporation or any property or facility now or previously owned or leased by the Corporation which has not been delivered to Purchaser at least five days prior to the date hereof.

(d) For purposes of this Section 2.22, the term "Corporation" shall include any entity which is, in whole or in part, a predecessor of the Corporation.

2.23 Labor Matters. As of the date hereof, the Corporation is in compliance with all currently applicable laws respecting employment and employment practices (including terms and conditions of employment, wages and hours) and is not engaged in any unfair labor practice, the failure to comply with which or engagement in which, as the case may be, would reasonably be expected to have a material adverse effect on the Business. As of the date hereof there is no unfair labor practice complaint pending or, to the knowledge of Sellers, threatened against the Corporation before the National Labor Relations Board or before any other state or local board, agency or tribunal.

2.24 The Shares. (a) There are presently outstanding and at the Closing there will be outstanding a total of One Thousand (1,000) shares of no par value voting common stock of the Corporation (the "Shares"). No other class of common, preferred or other type of shares of stock is presently outstanding.

(b) The issuance of all of the Shares has been duly authorized by all required action by the Corporation and all of the Shares are fully paid and non-assessable.

(c) The Shares are registered in the names of the persons and in the amounts set forth in Schedule 2.24(c). All of the Shares registered in the names of the above persons may be conveyed by them without the consent of an person, other than Consents of the Corporation and the other Sellers which are waivable by them at or prior to the Closing Date.

(d) None of the Shares is subject to any lien, mortgage, pledge, security interest or other encumbrance and each Seller has good and marketable title to all Shares registered in his name.

2.25 Binding Agreement. This Agreement constitutes a valid and binding obligation of Sellers.

2.26 Other Information. None of the documents or information delivered to Purchaser in connection with the transactions contemplated by this Agreement contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements contained therein not misleading.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF PURCHASER

Purchaser represents and warrants to Sellers that:

3.01 Organization and Existence. Purchaser is a corporation duly organized, validly existing and in good standing under the

laws of the State of Louisiana.

3.02 Corporate Authorization. The execution, delivery and performance by Purchaser of this Agreement and the consummation by Purchaser of the transactions contemplated hereby or thereby are within the powers of Purchaser and have been duly authorized by all necessary action on the part of Purchaser. This Agreement constitutes a valid and binding agreement of Purchaser.

3.03 Governmental Authorization. The execution, delivery and performance by Purchaser of this Agreement requires no action by or in respect of, or filing with, any governmental body, agency, official or authority.

3.04 Non-Contravention. The execution, delivery and performance by Purchaser of this Agreement does not and will not (i) contravene or conflict with the Articles of Incorporation or By-Laws of Purchaser or (ii) assuming compliance with the matters referred to in Section 3.03, contravene or conflict with any provision of any law, regulation, judgment, injunction, order or decree binding upon Purchaser.

3.05 Fees. There is no investment banker, broker, finder or other intermediary which has been retained by or is authorized to act on behalf of Purchaser who might be entitled to any fee or commission from Sellers upon consummation of the transactions contemplated by this Agreement.

3.06 Financing. Purchaser will have on the Closing Date sufficient funds available to purchase the Shares, provided all conditions set forth in Article IX are satisfied.

3.07 Litigation. There is no action, suit, investigation or proceeding pending against, or to the knowledge of Purchaser threatened against or affecting, Purchaser before any court or arbitrator or any governmental body, agency or official which in any matter challenges or seeks to prevent, enjoin, alter or materially delay the transactions contemplated hereby.

ARTICLE IV

COVENANTS OF SELLERS

4.01 Conduct of the Business. From the date hereof until the Closing Date, Sellers shall cause the Corporation to conduct the Business in the ordinary course consistent with past practice and cause the Corporation to exert its best efforts to preserve intact its business organization and relationships with third parties and to keep available the services of its present officers and employees. Without limiting the generality of the foregoing, from the date hereof until the Closing Date, Sellers shall not cause the Corporation to and the Corporation shall not:

- (i) Merge or consolidate with any other person or acquire a material amount of assets of any other person, other than steel, tools and equipment purchased in the ordinary course of the Business;
- (ii) Declare and/or pay any dividend or make any other distribution or transfer of cash or other assets to its shareholders in their capacities as such;
- (iii) Sell, lease, license or otherwise dispose of any assets except (a) pursuant to existing contracts or commitments and (b) in the ordinary course of the Business consistent with past practices; or
- (iv) Agree or commit to do any of the foregoing.

Sellers shall not permit the Corporation to (a) take or agree or commit to take any action that would make any representation and warranty of Sellers hereunder inaccurate in any respect at, or as of any time prior to, the Closing Date or (b) omit or agree to commit or omit to take any action necessary to prevent any such representation or warranty from being inaccurate in any respect at any such time.

4.02 "S" Election. Sellers and their spouses shall execute and cause the Corporation to execute Internal Revenue Service forms 2553 so as to elect the provisions of Subchapter S of the United States Internal Revenue Code, sections 1361, et seq., effective January 1, 1997 and shall deliver fully completed forms

2553 with all of their signatures to Purchaser on or before the earlier of the Closing Date or January 15, 1997.

4.03 Access to Information. Sellers (i) will give Purchaser, its counsel, financial advisors, auditors and other authorized representatives reasonable access to the offices, properties, books and records of the Corporation and will allow Purchaser or its representatives access to conduct all reasonable environmental tests and inspections, (ii) will furnish to Purchaser, its counsel, financial advisors, auditors and other authorized representatives such financial and operating data and other information relating to the Corporation as such persons may reasonably request and (iii) will instruct its employees, counsel and financial advisors to cooperate with Purchaser in its investigation of the Corporation; provided, however, Purchaser shall utilize the minimum number of personnel as will not interfere with the conduct of the Corporation's business and shall utilize them only at the times the Corporation is open for business. No investigation by Purchaser or other information received by Purchaser shall operate as a waiver or otherwise affect any representation, warranty or agreement given or made by Sellers hereunder.

4.04 Life Insurance Policies. Prior to the Closing, each seller shall purchase all policies of life insurance on his life owned by the Corporation for cash in the amount of the cash surrender values of these policies.

4.05 Notices of Certain Events. Sellers shall promptly notify Purchaser of:

- (i) Any notice or other communication from any person alleging that the consent of such person is or may be required in connection with the transactions contemplated by this Agreement;
- (ii) Any notice or other communication from any governmental or regulatory agency or authority in connection with the transactions contemplated by this Agreement;
- (iii) Any actions, suits, claims, investigations or proceedings commenced or, to its knowledge, threatened against, relating to or involving or otherwise affecting the Corporation or the Business that, if pending on the date of this Agreement, would have been required to have been disclosed pursuant to Section 2.10 or that relate to the consummation of the transactions contemplated by this Agreement.

ARTICLE V

COVENANTS OF PURCHASER

Purchaser agrees that:

5.01 Confidentiality. Prior to the Closing Date and for a period of one (1) year after any termination of this Agreement, Purchaser will hold, and will use its best efforts to cause its respective officers, directors, employees, accountants, counsel, consultants, advisors and agents to hold, in confidence, unless compelled to disclose by judicial or administrative process or by other requirements of law, all confidential documents and information (including, without limitation, confidential commercial information and information with respect to customers and proprietary systems, technologies or processes) concerning the Business or which the Corporation or Sellers furnished to Purchaser in connection with the transactions contemplated by this Agreement, except to the extent that such information can be shown to have been (i) previously known on a non-confidential basis by Purchaser, (ii) in the public domain through no fault of Purchaser or (iii) later lawfully acquired by Purchaser from sources other than the Corporation or Sellers; provided, that Purchaser may disclose such information to its officers, directors, employees, accountants, counsel, consultants, advisors and agents in connection with the transactions contemplated by this Agreement so long as such persons are informed by Purchaser of the confidential nature of such information and are directed by Purchaser to treat such information confidentially. This obligation shall be satisfied if Purchaser exercises the same reasonable and customary care, in light of the industry and its past practices, with respect to such information as it would take to preserve the confidentiality of its own confidential

information. If this Agreement is terminated, Purchaser will, and will use its best efforts to cause its officers, directors, employees, accountants, counsel, consultants, advisors and agents to, destroy or deliver to Sellers, upon request, all documents and other materials, and all copies thereof, obtained by Purchaser or on their behalf from Sellers or the Corporation in connection with this Agreement that are subject to such confidence. Purchaser agrees that it will retain all documents and other materials obtained by Purchaser from Sellers or the Corporation in connection with this Agreement and the transactions contemplated hereby for a reasonable and customary period of time and will not destroy any material documents during such period without first providing Seller with the opportunity of making copies thereof.

5.02 Access. On and after the Closing Date, Purchaser will afford promptly to Sellers through their representatives, E. M. Dupaquier and/or R. H. Marmande ("Sellers' Representatives"), reasonable access to the Corporation's properties, books, records, employees and auditors to the extent necessary to permit Sellers to determine any matter relating to their rights and obligations hereunder and Sellers' federal and state income and other tax liabilities with respect to any period ending on or before the Closing Date and shall maintain them for a period of five (5) years following the Closing or for such longer period as any audit (private, tax or other governmental) of those documents is continuing; provided that any such access by Sellers shall not unreasonably interfere with the conduct of the Business of the Corporation or Purchaser. Sellers will hold, and will use their best efforts to cause their officers, directors, employees, accountants, counsel, consultants, advisors and agents to hold, in confidence, unless compelled to disclose by judicial or administrative process or by other requirements of law, all confidential documents and information concerning Purchaser or the Business provided to them pursuant to this Section 5.02.

5.03 No Election Under Section 338. (a) Purchaser shall not cause nor shall the Corporation make or file any election under any provision of Section 338, including Section 338(h)(10), of the United States Internal Revenue Code (the "Code") with respect to the transactions contemplated by this Agreement.

(b) Purchaser shall take no action nor permit any action or course of conduct to be taken by it or by the Corporation, or permit the filing of any Section 338 election with respect to any other stock acquisition by Purchaser of any other corporation, if such filing would have the same effect as if a formal election under any provision of Section 338, including Section 338(h)(10), of the Code had been filed with respect to the transaction contemplated hereby.

ARTICLE VI

COVENANTS OF SELLERS AND PURCHASER

Sellers and Purchaser hereto agree that:

6.01 Consulting Agreements. At the Closing, E. M. Dupaquier, R. H. Marmande and the Company shall execute the Consulting Agreements in the forms attached hereto as Schedule 6.01.

6.02 Best Efforts; Further Assurances. Subject to the terms and conditions of this Agreement, each of Sellers and Purchaser will use their and its best efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary or desirable under applicable laws and regulations to consummate the transactions contemplated by this Agreement. Sellers and Purchaser each agree to execute and deliver such other documents, certificates, agreements and other writings and to take such other actions as may be necessary or desirable in order to consummate or implement expeditiously the transactions contemplated by this Agreement, but without expanding the obligations and responsibilities of any party hereunder.

6.03 Certain Filings. Sellers and Purchaser shall cooperate with one another (a) in determining whether any action by or in respect of, or filing with, any governmental body, agency, official or authority is required, or any actions, consents, approvals or waivers are required to be obtained from parties to any material contracts, in connection with the consummation of the transactions contemplated by this Agreement, and (b) in taking such actions or making any such filings, furnishing information required in connection therewith and seeking timely to obtain any such actions, consents, approvals or waivers.

6.04 Public Announcements. The parties agree to consult with each other before issuing any press release or making any public statement with respect to this Agreement or the transactions contemplated hereby and, except as may be required by applicable law, will not issue any such press release or make any such public statement prior to such consultation.

ARTICLE VII

TAX MATTERS

7.01 Tax Definitions. The following terms, as used herein, have the following meanings:

"Code" means the Internal Revenue Code of 1986, as amended.

"Post-Closing Tax Period" means any tax period ending after the Closing Date, except that with respect to a tax period that commences before but ends after the Closing Date, the portion of such period after the close of business on the Closing Date.

"Pre-Closing Tax Period" means any tax period ending on or before the close of business on the Closing Date and with respect to a tax period that commences before but ends after the Closing Date, the portion of such period up to the close of business on the Closing Date.

"Tax" means (i) any net income, alternative or add-on minimum, gross income, gross receipts, sales, use, ad valorem, franchise, capital, paid-up capital, profits, greenmail, license, withholding, payroll, employment, excise, severance, stamp, occupation, premium, property, windfall profit tax, custom, duty or other tax, governmental fee or other like assessment or charge of any kind whatsoever, together with any interest or any penalty, addition to tax or additional amount imposed by any governmental authority (domestic or foreign) responsible for the imposition of any such tax (a "Taxing Authority") and (ii) any liability to any person (including any applicable Taxing Authority) in respect of any tax included in Clause (i) above by reason of any indemnity, transferee liability, contractual or legal obligation.

7.02 Tax Matters. Sellers hereby represent and warrant to Purchaser as of the date hereof and as of the Closing Date that, except as provided in Schedule 7.02, the Corporation has paid or will timely pay all material taxes payable by the Corporation and attributable to any Pre-Closing Tax Period which are required to be paid on or prior to the Closing Date, the non-payment of which would result in a lien on the Shares on or after the Closing Date, would otherwise materially adversely affect the Business after the Closing Date or would result in Purchaser becoming liable therefor, except for taxes caused by an actual or deemed election under Section 338 of the Code, which is Purchaser's responsibility pursuant to Section 5.03. Sellers herewith represent that the only Taxes which will be owed by the Corporation as of the Closing Date are those which arise or have arisen or have been incurred in the ordinary course of the Corporation's Business. The Corporation has filed all required income, franchise, sales, ad valorem, employment and other tax returns and paid the total amount of Taxes due by it. The provision for the corporate income and franchise tax liability of the Corporation for all periods through the Closing Date as shown on the Closing Balance Sheet will be adequate relative to the Corporation's actual liability therefor as finally determined. Sellers represent that the Corporation is not prohibited by any law, rule or regulation from electing the provisions of Subchapter S of the Code, sections 1361, et seq., commencing January 1, 1997.

7.03 Tax Cooperation: Allocation of Taxes.

(a) Purchaser and Sellers agree to furnish or cause to be furnished to each other, upon request, as promptly as practicable, such information and assistance relating to the Corporation, the non-compete covenant described in Section 4.01 and the Business as is reasonably necessary for the filing of all tax returns, and making of any election related to taxes, the preparation for any audit by any taxing authority, and the prosecution or defense of any claim, suit or proceeding relating to any tax return. Sellers and Purchaser shall cooperate with each other in the conduct of any audit or other proceeding related to taxes involving the Business and each shall execute

and deliver such powers of attorney and other documents as are reasonably necessary to carry out the intent of this Paragraph (a) of Section 7.03.

(b) Any transfer, documentary, sales, use or other taxes arising in connection with the transactions contemplated by this Agreement and any recording or filing fees with respect thereto (each, a "Transfer Tax") shall be the responsibility of Purchaser.

(c) Each of Sellers and Purchaser shall execute all required elections pursuant to section 1377(a)(2) of the Code to terminate the Corporation's taxable year commencing January 1, 1997 and ending as of the close of business on the Closing Date (as defined in Section 1.03 entitled "Closing"), and allocate all of the Corporation's income or loss for that period to Sellers and the Corporation's income or loss for the remainder of calendar year 1997 to Purchaser.

ARTICLE VIII

EMPLOYEE BENEFITS

8.01 Employee Benefits Definitions. The following terms, as used herein, shall have the following meanings:

"Benefit Arrangement" means any employment, severance or similar contract, or any other contract, plan, policy or arrangement (whether or not written) providing for compensation, bonus, profit-sharing, stock option or other stock related rights or other forms of incentive or deferred compensation, vacation benefits, insurance coverage (including any self-insured arrangements), health or medical benefits, disability benefits, workers' compensation, supplemental unemployment benefits, severance benefits and post-employment or retirement benefits (including compensation, pension, health, medical or life insurance benefits) that (i) is not an Employee Plan, (ii) is entered into, maintained, administered or contributed to, as the case may be, by Seller and (iii) covers any employee or former employee of the Corporation.

"Employee Plan" means any "employee benefit plan" as defined in Section 3(3) of ERISA, that (i) is subject to any provision of ERISA, (ii) is maintained, administered or contributed to by the Corporation and (iii) covers an employee or former employee of the Corporation.

"ERISA Affiliate" of any entity means any other entity which, together with such entity, would be treated as a single employer under Section 414 of the Code.

"Multi-Employer Plan" means each Employee Plan that is a multi-employer plan, as defined in Section 3(37) of ERISA.

"PBGC" means the Pension Benefit Guaranty Corporation.

"Title IV Plan" means an Employee Plan, other than any Multi-Employer Plan, subject to Title IV of ERISA.

8.02 Employee Matters. The Sellers hereby represent and warrant to Purchaser as of the date hereof:

(a) Schedule 8.02(a) lists each Employee Plan. Sellers have provided or allow Purchaser access to as a true and complete copy of each such Plan (and, if applicable, related trust documents) and all amendments thereto and written interpretations thereof together with (i) the three most recent annual reports prepared in connection with each such Employee Plan (Form 5500 including, if applicable, Schedule B thereto) and (ii) the most recent actuarial report, if any, prepared in connection with each Employee Plan. Schedule 8.02(a) identifies each person who is a participant or who is eligible to participate in each Employee Plan who is not an active employee of Seller. The term "active employee" shall mean any person who, on the Closing Date, is actively employed by the Corporation or who is on short-term disability leave, authorized leave of absence, military service or lay-off with recall rights as of the Closing Date.

(b) Schedule 8.02(b) sets forth all Benefit Arrangements presently in place for all employees of the Corporation.

(c) As of the date hereof, there is no litigation, administrative or arbitration proceeding or other dispute pending

or threatened that involves any Employee Plan or Benefit Arrangement which could reasonably be expected to result in a liability to the Corporation or Purchaser.

(d) No Employee Plan is (i) a Multi-Employer Plan, (ii) a Title IV Plan or (iii) is maintained in connection with any trust described in Section 501(c)(9) of the Code. No "prohibited transaction", as defined in Section 406 of ERISA or Section 4975 of the Code, has occurred that could result in a liability to the Corporation, Purchaser or any of its Affiliates. As used herein the term "Affiliate" means any individual, group of individuals, corporation, partnership or other entity controlled by, controlling or under common control with the person or entity with respect to which that term is used. Neither the Corporation nor any of its current or former Affiliates (while an Affiliate) has within the last five (5) years engaged in or is a successor or parent corporation to an entity that has engaged in, a transaction described in Section 4069 of ERISA. Neither the Corporation nor any of its current or former Affiliates has ever maintained or become obligated to contribute to any employee benefit plan (i) that is subject to Title IV of ERISA, (ii) to which Section 412 of the Code applies, or (iii) that is a multi-employer plan under Title IV of ERISA. The Corporation has not incurred, and does not reasonably expect to incur, (a) any liability under Title IV of ERISA arising in connection with the termination of, or complete or partial withdrawal from, any plan covered or previously covered by Title V of ERISA or (b) any liability under Section 4971 of the Code that in either case could become a liability of the Corporation or any of its Affiliates after the Closing Date.

(e) Each Employee Plan which is intended to be qualified under Section 401(a) of the Code is so qualified and has been so qualified during the period from its adoption to date, and no event has occurred since such adoption that would adversely affect such qualification and each trust created in connection with each such Employee Plan forming a part thereof is exempt from tax pursuant to Section 501(a) of the Code. Sellers have furnished to Purchaser copies of the most recent Internal Revenue Service determination letters with respect to each such Plan. Each Employee Plan has been maintained in compliance with its terms and with the requirements prescribed by any and all applicable statutes, orders, rules and regulations including but not limited to ERISA and the Code.

(f) Seller has furnished to Purchaser copies or descriptions of each Benefit Arrangement. Each Benefit Arrangement has been maintained in substantial compliance with its terms and with the requirements prescribed by any and all statutes, orders, rules and regulations which are applicable to such Benefit Arrangement. Schedule 8.02(f) identifies each individual eligible to receive a benefit under a Benefit Arrangement who is not an active employee, as defined in Section 8.02(a), of the Corporation.

(g) The Corporation has no current or projected liability in respect of post-retirement or post-employment welfare benefits for retired, current or former employees, except as required to avoid excise tax under Section 4980B of the Code.

(h) Except as disclosed in writing to Purchaser prior to the date hereof, there has been no amendment to, written interpretation of or announcement (whether written or not written) by the Corporation or any of its Affiliates relating to, or change in employee participation or coverage under, any Employee Plan or Benefit Arrangement which would increase materially the expense of maintaining such Employee Plan or Benefit Arrangement above the level of the expense incurred in respect thereof in connection with the Corporation's Employees for the most recently completed fiscal year.

(i) No employee of the Corporation will become entitled to any bonus, retirement, severance, job security or similar benefit or enhanced such benefit (including acceleration of an award, vesting or exercise of an incentive award) or any fee or payment of any kind solely as a result of any of the transactions contemplated hereby.

(j) There is no contract, plan or arrangement (written or otherwise) covering any employee or former employee of the Corporation or any of its Affiliates that, individually or collectively, could give rise to the payment of any amount that would not be deductible pursuant to the terms of Section 280G of the Code.

(k) No tax under Section 4980B of the Code has been incurred in respect of any Employee Plan that is a group health plan, as defined in Section 5000(b)(1) of the Code.

ARTICLE IX

CONDITIONS TO CLOSING

9.01 Conditions to the Obligations of Each Party. The obligations of Purchaser and Sellers to consummate the Closing are subject to the satisfaction, or waiver by both parties, of the following conditions:

(a) No provision of any applicable law or regulation and no judgment, injunction, order or decree shall (i) prohibit the consummation of the Closing or (ii) restrain, prohibit or otherwise interfere with the effective operation or enjoyment by Purchaser of the Shares.

(b) All actions by or in respect of or filings with any governmental body, agency, official or authority required to permit the consummation of the Closing, and all material third party consents necessary in connection with the consummation of the Closing, shall have been obtained.

(c) All waivers of applicable rights of first refusal by the Corporation and the Sellers have been obtained to permit consummation of the transactions contemplated herein.

9.02 Conditions to Obligations of Purchaser. The obligation of Purchaser to consummate the Closing is subject to the satisfaction of the following further conditions:

(a) (i) Sellers shall have performed in all material respects all of their obligations hereunder required to be performed by them at or prior to the Closing Date (including their obligations set forth in Section 4.02), (ii) the representations and warranties of Sellers contained in this Agreement and in any certificate or other writing delivered by Sellers pursuant thereto, disregarding all qualifications and exceptions contained therein relating to materiality, shall be true at and as of the respective dates applicable to each of them as set forth herein, and (iii) Purchaser shall have received a certificate signed by the President of the Corporation to the foregoing effects.

(b) No proceeding challenging this Agreement or the transactions contemplated hereby or seeking to prohibit, alter, prevent or materially delay the Closing shall have been instituted by any person before any court, arbitrator or governmental body, agency or official nor shall they be pending.

(c) Purchaser shall have received all documents it may reasonably request relating to the existence of and good standing of the Corporation.

(d) The Corporation shall have been issued an owner's title insurance policy with respect to all real or immovable property in a form and only with such exceptions as are reasonably acceptable to Purchaser. The cost of the owner's title insurance policy shall be borne equally between Sellers and Purchaser.

(e) Nothing has come to Purchaser's attention which would indicate that any of the representations and warranties of Sellers are untrue in any material respect or that Sellers have failed to perform any of their covenants contained herein.

9.03 Conditions to Obligations of Sellers. The obligation of Sellers to consummate the Closing is subject to the satisfaction of the following further conditions:

(a) (i) Purchaser shall have performed in all material respects all of its obligations hereunder required to be performed by it at or prior to the Closing Date and (ii) the representations and warranties of Purchaser contained in this Agreement and in any certificate or other writing delivered by Purchaser pursuant hereto shall be true in all material respects at and as of the Closing Date, as if made at and as of such date.

(b) Sellers shall have received all documents they may reasonably request relating to the existence of Purchaser and the authority of Purchaser to execute and consummate this Agreement, all in form and substance reasonably satisfactory to Seller.

ARTICLE X

SURVIVAL; INDEMNIFICATION

10.01 Survival. The covenants, agreements, representations and warranties of the parties hereto contained in this Agreement or in any certificate or other writing delivered pursuant hereto or in connection herewith shall survive the Closing.

10.02 Indemnification.

(a) Sellers ("Indemnifying Party" or "Indemnifying Parties") jointly, severally and in solido hereby indemnify Purchaser and all of Purchaser's officers, directors, employees and shareholders (hereinafter "Indemnified Parties") against and agree to defend and hold them harmless from and against any and all damage, loss, liability and expense, including, without limitation, reasonable expenses of investigation and reasonable attorneys' fees and expenses in connection with any action, suit or proceeding (collectively, "Loss") incurred or suffered by any of the Indemnified Parties arising out of any willful misrepresentation or breach of warranty, covenant or agreement made or to be performed by Sellers pursuant to this Agreement, including all of those made by Sellers in Articles I, II, IV, VI, VII and VIII hereof. Sellers shall have no obligation with respect to any loss, claim, demand, suit or action against the Corporation or Purchaser notice of which is given to Sellers' Representatives after December 31, 1998 as to all claims, demands, suits or actions other than for the payment of any Tax and after December 31, 2000 as to all claims, demands, suits or actions for the payment of any Tax.

(b) Purchaser hereby agrees to defend and indemnify Sellers against and to hold Sellers harmless from any and all Loss incurred or suffered by Sellers arising out of any failure to perform, misrepresentation or breach of any warranty, covenant or agreement made or to be performed by Purchaser pursuant to this Agreement. Purchaser shall have no obligation with respect to any loss, claim, demand, suit or action against Sellers notice of which is given to Purchaser (by Sellers or any other person or governmental agency) after December 31, 1998.

(c) Except as otherwise provided in Section 10.03 hereof in respect of matters relating to Taxes, the following provisions shall apply:

(i) Promptly after receipt by an Indemnified Party of notice of the commencement of any action or proceeding involving a claim in respect of which indemnification is being sought, such Indemnified Party will, if a claim for indemnification hereunder is to be made against the Indemnifying Party, give written notice to the Indemnifying Parties (through Sellers' Representatives) of the commencement of such action or proceeding, the basis for such claim for indemnification and such other information relating thereto as the Indemnifying Party may reasonably request; provided, however, that failure to so notify the Indemnifying Parties or to provide such information shall not relieve such Indemnifying Parties from any liability which they may have with respect to such claim, except to the extent that they are actually materially prejudiced by such failure to give notice.

(ii) In case any such action is brought against an Indemnified Party, the Indemnified Party shall assume and control the defense of such action with counsel selected by the Indemnified Party. It is understood that the Indemnifying Parties shall not, in connection with any action or related actions in the same jurisdiction, be liable for the fees and disbursements of more than one separate firm qualified in such jurisdiction to act as counsel for all Indemnified Parties, unless in any such Indemnified Party's reasonable judgment (i) a conflict of interest between such Indemnified Party and any other Indemnified Party may exist in respect of such claim or (ii) such Indemnified Party has available to it reasonable defenses which are different from or additional to those available to other Indemnified Parties. The Indemnifying Parties shall not be liable for any settlement of any proceeding effected without their written consent (given by Sellers' Representatives), but if settled with such consent or if there shall be a final judgment for the plaintiff, the Indemnifying Parties agree to indemnify the Indemnified Party and hold the Indemnified Party harmless from and against any Losses by reason of such settlement or judgment (it being understood that if the Sellers are the Indemnifying Party such indemnification obligation shall be joint and several). The Indemnifying Parties shall not, without the

consent of the Indemnified Party, consent to entry of any judgment or enter into any settlement which does not include as an unconditional term the giving by the claimant or plaintiff to such Indemnified Party of a release from all liability in respect to such claim or litigation. Any dispute as to whether any Indemnified Party is entitled to indemnification in connection with any action or proceeding under Section 10.02(c), the defense or settlement of such action or proceeding, or any other rights or obligations of the parties hereto in connection with such action or proceeding shall be submitted to arbitration in accordance with Section 12.06 of this Agreement.

(iii) In the event that an Indemnified Party shall claim a right to payment pursuant to this Agreement with respect to which there has been no action or proceeding involving such claim, such Indemnified Party shall send written notice of such claim to the Indemnifying Parties. Such notice shall specify the basis for such claim in reasonable detail. As promptly as possible after the Indemnified Party has given such notice, such Indemnified Party and the Indemnifying Parties (acting through Sellers' Representatives) shall establish the merits and amount of Losses, if any, to which the Indemnified Party is entitled. If the parties do not agree with respect to these matters within 30 days after the giving of such notice, either party may submit the matter to arbitration in accordance with Section 12.06 of this Agreement. In such arbitration, if the arbitrator determines that a breach of a representation, warranty, covenant or agreement in this Agreement by the Indemnifying Parties occurred and that such breach caused Losses to an Indemnified Party, the arbitrator will determine the amount of any such Losses. Within ten business days after the final determination of the merits of such claim and amount of such Losses, each Indemnifying Party shall, subject to the limitations set forth herein, deliver to the Indemnified Party an amount of cash in immediately available funds sufficient to satisfy such Losses or the portion of such Losses for which such Indemnifying Party is obligated to provide indemnity hereunder.

(iv) If any Seller fails to timely deliver cash in the amount of any Losses payable by such Seller under the terms of this Agreement, Purchaser may withdraw from funds held in the Escrow Account (as defined below) an amount of cash equal to the amount of Losses which has not been paid by that Seller.

(d) Wherever this Agreement requires actions or decisions of the Indemnifying Parties, those actions or decisions shall be taken by either or both of Sellers' Representatives acting on behalf of all Indemnifying Parties.

10.03 Covenants Regarding Tax Matters.

(a) Taxes attributable to the taxable period of the Corporation beginning before and ending after the Closing Date shall be allocated (i) to the Sellers for the period up to and including the Closing Date to the extent such Taxes exceed the reserve therefor on the Closing Balance Sheet and (ii) to Purchaser for the period up to and including the Closing Date to the extent such Taxes do not exceed the reserve therefor on the Closing Date Balance Sheet and for the period subsequent to the Closing Date. For purposes of this Section 10.03(a), Taxes for the period up to and including the Closing Date and for the period subsequent to the Closing Date shall be determined on the basis of an interim closing of the books as of the Closing Date.

(b) The Sellers may not file any amended returns or refund claims in respect of any taxable period of the Corporation ending on or prior to the Closing Date.

(c) The Sellers shall cooperate fully with Purchaser and make available to Purchaser in a timely fashion such Tax data and other information as may be reasonably required for the preparation by Purchaser of any returns of the Corporation required to be prepared and filed by Purchaser hereunder. The Sellers and Purchaser shall make available to the other, as reasonably requested, all information, records or documents in their possession relating to Tax liabilities of the Corporation for all taxable periods of the Corporation ending on, prior to or including the Closing Date and shall preserve all such information, records and documents until the expiration of any applicable Tax statute of limitations or extensions thereof or, if a proceeding has been instituted for which the information, records or documents is required, until there is a final determination with respect to such proceeding.

(d)(i) Purchaser shall promptly notify the Sellers'

Representatives upon receipt by Purchaser or the Corporation of written notice of any Tax audits or of proposed assessments against the Corporation for taxable periods of the Corporation ending on or prior to the Closing Date; provided, however, that the failure of Purchaser to give Sellers' Representatives prompt notice as required herein shall not relieve the Sellers of any of their obligations hereunder, except to the extent that the Sellers are actually and materially prejudiced thereby. Purchaser shall have the right to represent the interests of the Corporation in any such Tax audit or administrative or court proceeding and to employ counsel of its choice; provided, however, that Purchaser may not agree to a settlement or compromise thereof without the prior written consent of Sellers' Representatives, which consent may be withheld solely in the event that Sellers' Representatives have been advised in writing by counsel reasonably acceptable to Purchaser that it is more likely than not that the issue under audit (or the proposed assessment) would be decided favorably to the Corporation and that written advice has been furnished to Purchaser. The Sellers agree that they will cooperate fully with Purchaser and its counsel in the defense against or compromise of any claim in any said audit or proceeding.

(ii) The Sellers shall promptly notify Purchaser upon receipt by the Sellers of written notice of any Tax audit or proposed assessment or other proposed change or adjustment which may affect the Corporation or its Tax attributes. The Sellers shall keep Purchaser duly informed of the progress thereof and, if the results of such Tax audit or proceeding may have an adverse effect on the Corporation, Purchaser or its affiliates for any taxable period including or ending after the Closing Date, then the Sellers may not agree to a settlement or compromise thereof without Purchaser's consent.

(e) Within ten (10) days after notice by Purchaser to Sellers' Representatives of the total amount of additional taxes, penalties and interest owed by the Corporation for periods prior to the Closing, Sellers shall remit to Purchaser the entire amount thereof less the future tax benefit attributable to the increase in future depreciation deductions as a result of the adjustment which caused those additional taxes. The future tax benefit shall be deemed equal to forty (40%) percent of the total additional depreciation which the Corporation would thereby be able to deduct in future years provided the amount of this reduction shall not exceed the amount of additional taxes (apart from penalties and interest) then owed by the Corporation. If any Seller fails to remit his entire proportionate share of the amount due, Purchaser may withdraw said amount from the Escrow Account, to the extent thereof, and if the Escrow Account is insufficient, any one or more of the other Sellers shall pay Purchaser the shortfall upon ten (10) days written notice.

(f) The Sellers and Purchaser agree to treat any indemnity payment made pursuant to this Agreement as an adjustment to the Purchase Price for federal, state, local and foreign income tax purposes. If, notwithstanding such treatment by the parties, any indemnity payment is determined to be taxable to Purchaser or the Corporation by any taxing authority, the Sellers shall indemnify Purchaser and its Affiliates for any Taxes payable by reason of the receipt of such indemnity payment (including any payments under this Section 10.03(f)).

ARTICLE XI

TERMINATION

11.01 Grounds for Termination. This Agreement may be terminated at any time prior to the Closing:

- (i) by mutual written agreement of Sellers' Representatives and Purchaser;
- (ii) By Purchaser if the Closing shall not have been consummated on or before January 15, 1997 unless extended by mutual agreement of Sellers' Representatives and Purchaser;
- (iii) By either Sellers' Representatives or Purchaser if there shall be any law or regulation that makes the consummation of the transactions contemplated hereby illegal or otherwise prohibited or if consummation of the transactions contemplated hereby would violate any nonappealable final order, decree or judgment of any court or governmental body

having competent jurisdiction; or,

- (iv) By Purchaser if anything has come to its attention that any of Sellers' representations or warranties are untrue in any respect or Purchaser has discovered any contamination or any Hazardous Substance on the premises of the Corporation or any violations of any Environmental Laws by the Corporation which have not been remedied as of the date of the discovery.

The party desiring to terminate this Agreement pursuant to Clauses (ii), (iii) or (iv) shall give notice of such termination to the other party.

11.02 Effect of Termination. If this Agreement is terminated as permitted by Section 11.01, such termination shall be without liability of any party (or of any shareholder, director, officer, employee, agent, consultant or representative of such party) to the other parties to this Agreement; provided that if such termination shall result from the willful failure of any party to fulfill a condition to the performance of the obligations of another party or to perform a covenant of this Agreement or from a willful breach by any party to this Agreement, such party shall be fully liable for any and all losses incurred or suffered by any other party as a result of such failure or breach. The provisions of Sections 5.01 and 12.03 shall survive any termination hereof pursuant to Section 11.01.

ARTICLE XII

MISCELLANEOUS

12.01 Notices. All notices, requests and other communications to either party hereunder shall be in writing (including facsimile, telecopy or similar writing) and shall be deemed given when delivered:

If to Purchaser, to: Gulf Island Fabrication, Inc.
Attn: Kerry J. Chauvin, President
583 Thompson Road
Houma, LA 70361-0310

With a Copy to: Robert R. Casey, Esq.
Four United Plaza, 5th Floor
8555 United Plaza Boulevard
Baton Rouge, LA 70809-7000

If to Sellers or to
Indemnifying Parties,
to Sellers'
Representatives: E. M. Dupaquier
206 Maple Avenue
Houma, LA 70364

R. H. Marmande
1321 Dularge Road

With a Copy to: P. J. McMahon, Esq.
P. O. Box 1545
Houma, LA 70361

Each of the above persons may change their address or facsimile number by notice to the other persons in the manner set forth above.

12.02 Amendments; No Waivers.

(a) Any provision of this Agreement may be amended or waived if, and only if, such amendment or waiver is in writing and signed, in the case of an amendment, by Purchaser and Seller, or in the case of a waiver, by the party against whom the waiver is to be effective.

(b) No failure or delay by any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the existence of any other right, power or privilege. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by law.

12.03 Expenses. All costs and expenses incurred in connection with this Agreement shall be paid by the party incurring such cost or expense.

12.04 Successors and Assigns. The provisions of this Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns; provided that neither party may assign, delegate or otherwise transfer any of its rights or obligations under this Agreement without the consent of the other party hereto. Neither this Agreement nor any provision hereof is intended to confer upon any person other than the parties hereto any rights or remedies hereunder.

12.05 Governing Law. This Agreement shall be construed in accordance with and governed by the law of the State of Louisiana without regard to the conflicts of law rules of such state.

12.06 Jurisdiction and Forum: Arbitration. Any controversy arising under, out of, in connection with, or relating to, this Agreement, and any amendment hereof, or the breach hereof or thereof, shall be determined and settled by arbitration in New Orleans, Louisiana by an arbitrator or arbitrators mutually agreed upon by Purchaser and the Sellers' Representatives or, if Purchaser and Sellers' Representatives shall fail or be unable to so agree within ten Business Days after the written request therefor by Purchaser or the Representatives to the other, such arbitrator or arbitrators as may be selected in accordance with the rules of the American Arbitration Association. Any award rendered therein shall specify the findings of fact of the arbitrator or arbitrators and the reasons for such award, with reference to and reliance on relevant law. Any such award shall be final and binding on each and all of the parties thereto and their personal representatives, and judgment may be entered thereon in any court having jurisdiction thereof.

12.07 Counterparts; Effectiveness. This Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. This Agreement shall become effective when each party hereto shall have received as a counterpart hereof signed by the other party hereto.

12.08 Entire Agreement. This Agreement and any other agreements referred to herein constitute the entire agreement between the parties with respect to the subject matter hereof and supersede all prior agreements, understandings and negotiations, both written and oral, between the parties with respect thereto. No representation, inducement, promise, understanding, condition or warranty not set forth herein has been made or relied upon by either party hereto.

12.09 Captions. The captions herein are included for convenience of reference only and shall be ignored in the construction or interpretation hereof.

12.10 Severability. In the event any one or more of the provisions of this Agreement shall be or become illegal or unenforceable in any respect, the validity, legality, operation and enforceability of the remaining provisions of this Agreement shall not be affected thereby.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers effective as of the day and year first above written but executed on the dates set forth below.

WITNESSES: GULF ISLAND FABRICATION, Purchaser

/s/ Elward Cunningham BY: /s/ Kerry J. Chauvin

Kerry J. Chauvin, President

/s/ John P. Laborde Date Executed: November 25, 1996

SELLERS:

/s/ Elward Cunningham /s/ R.H. Marmande

R. H. Marmande

/s/ John P. Laborde

Date Executed: November 25, 1996

/s/ Elward Cunningham

/s/ E. M. Dupaquier

E. M. Dupaquier

/s/ John P. Laborde

Date Executed: November 25, 1996

All schedules have been intentionally omitted. A copy of any omitted schedule will be furnished supplementally to the Commission upon request.

FIRST AMENDMENT TO
FIFTH AMENDED AND RESTATED REVOLVING
CREDIT AND TERM LOAN AGREEMENT

THIS FIRST AMENDMENT TO FIFTH AMENDED AND RESTATED REVOLVING CREDIT AND TERM LOAN AGREEMENT (this "First Amendment"), dated effective as of the 2nd day of January, 1997, by and among GULF ISLAND FABRICATION, INC., a Louisiana corporation ("Borrower"), WHITNEY NATIONAL BANK, a national banking association ("Whitney"), FIRST NATIONAL BANK OF COMMERCE, a national banking association, in its individual capacity ("First NBC") (each of Whitney and First NBC being sometimes referred to individually as a "Bank" and collectively as the "Banks"), and FIRST NATIONAL BANK OF COMMERCE, a national banking association, in its capacity as agent for the Banks as set forth hereinafter (the "Agent").

W I T N E S S E T H:

WHEREAS, Borrower and First NBC entered into that certain Revolving Credit and Term Loan Agreement dated December 17, 1986 (the "Original Loan Agreement");

WHEREAS, Borrower and First NBC entered into that certain First Amendment to Revolving Credit and Term Loan Agreement dated as of November 3, 1987 (the "First Loan Agreement Amendment"), whereby Borrower and First NBC amended certain terms and conditions of the Original Loan Agreement;

WHEREAS, Borrower and First NBC entered into that certain Second Amendment to Revolving Credit and Term Loan Agreement, dated effective as of December 21, 1987 (the "Second Loan Agreement Amendment"), whereby Borrower and First NBC further amended certain terms and conditions of the Original Loan Agreement;

WHEREAS, Borrower and First NBC entered into that certain Third Amendment to Revolving Credit and Term Loan Agreement dated effective as of September 13, 1988 (the "Third Loan Agreement Amendment"), whereby Borrower and First NBC further amended certain terms and conditions of the Original Loan Agreement (the Original Loan Agreement as amended by the First Loan Agreement Amendment, the Second Loan Agreement Amendment and the Third Loan Agreement Amendment, the "Loan Agreement");

WHEREAS, Borrower and First NBC entered into that certain First Amended and Restated Revolving Credit and Term Loan Agreement dated July 27, 1989, whereby Borrower and First NBC further amended certain terms and conditions of the Loan Agreement and restated the Loan Agreement in its entirety (the "First Amended and Restated Loan Agreement");

WHEREAS, Borrower and First NBC entered into that certain Second Amended and Restated Revolving Credit and Term Loan Agreement dated effective as of March 1, 1990, to set forth further changes in their understanding concerning certain terms and conditions of the loan made pursuant to the First Amended and Restated Loan Agreement and to restate the same in its entirety (the "Second Amended and Restated Loan Agreement");

WHEREAS, pursuant to the terms of that certain Partial Assignment of Notes and Security Therefor, dated October 29, 1991 (as amended or modified from time to time, the "Assignment"), First NBC assigned to Whitney an undivided one-half (1/2) interest in and to the Second Amended and Restated Loan Agreement, all notes executed by Borrower payable to the order of First NBC pursuant to the Second Amended and Restated Loan Agreement and all security for the repayment of such notes, as described in the Second Amended and Restated Loan Agreement;

WHEREAS, as a result of the Assignment, each Bank acquired an undivided one-half (1/2) interest in and to the Second Amended and Restated Loan Agreement and all rights and obligations described therein or emanating therefrom;

WHEREAS, Borrower, Banks and Agent entered into that certain Third Amended and Restated Revolving Credit and Term Loan Agreement, dated effective as of October 29, 1991 (the "Third Amended and Restated Loan Agreement"), whereby Borrower, Banks and Agent amended and restated the Second Amended and Restated

Loan Agreement in order to reflect more fully the agreement among the parties regarding the continuation of the loans made pursuant thereto;

WHEREAS, Borrower, Banks and Agent entered into that certain First Amendment to Third Amended and Restated Revolving Credit and Term Loan Agreement (the "Third Amended and Restated Loan Agreement Amendment"), whereby Borrower, Banks and Agent amended certain terms and conditions of the Third Amended and Restated Loan Agreement;

WHEREAS, Borrower, Banks and Agent entered into that certain Fourth Amended and Restated Revolving Credit Agreement, dated effective as of February 25, 1993 (the "Fourth Amended and Restated Credit Agreement"), whereby Borrower, Banks and Agent amended and restated the Third Amended and Restated Loan Agreement, as amended by the Third Amended and Restated Loan Agreement Amendment, in order to reflect more fully the agreement among the parties regarding the continuation of the loans made pursuant thereto;

WHEREAS, Borrower, Banks and Agent entered into four subsequent amendments to the Fourth Amended and Restated Revolving Credit Agreement, dated respectively effective as of February 25, 1993, April 20, 1994, June 26, 1995 and May 1, 1996 (collectively, the "Amendments to the Fourth Amended and Restated Credit Agreement");

WHEREAS, Borrower, Banks and Agent entered into that certain Fifth Amended and Restated Revolving Credit and Term Loan Agreement, dated effective as of October 24, 1996 (the "Fifth Amended and Restated Credit Agreement"), whereby Borrower, Banks and Agent amended and restated the Fourth Amended and Restated Loan Agreement, as previously amended by the Amendments to the Fourth Amended and Restated Credit Agreement, and added a \$10,000,000 term loan facility;

WHEREAS, Borrower, Banks and Agent desire to amend the Fifth Amended and Restated Credit Agreement to increase the term loan facility by \$5,000,000, to permit Borrower to acquire Dolphin Services, Inc., Dolphin Steel Sales, Inc., and Dolphin Sales & Rentals, Inc., and to extend the maturity date of the Term Credit Facility under the Fifth Amended and Restated Credit Agreement;

NOW, THEREFORE, for and in consideration of the mutual covenants, agreements and undertakings herein contained, Banks, Agent and Borrower hereby agree as follows:

ARTICLE I

AMENDMENTS TO FIFTH AMENDED AND RESTATED CREDIT AGREEMENT

1. Section 1. Section 1 of the Fifth Amended and Restated Credit Agreement is hereby amended by deleting the amount "TWENTY-TWO MILLION AND NO/100 DOLLARS (\$22,000,000.00)" from the final sentence thereof and inserting in its place the amount "TWENTY-SEVEN MILLION AND NO/100 DOLLARS (\$27,000,000.00)".

2. Section 1.1. Section 1.1 of the Fifth Amended and Restated Credit Agreement is hereby amended in its entirety to state:

1.1 Term Credit Facility. Banks shall make available to Borrower a non-revolving line of credit in the maximum aggregate principal amount of FIFTEEN MILLION AND NO/100 DOLLARS (\$15,000,000.00) (the "Non-Revolving Line of Credit"), which Non-Revolving Line of Credit may be drawn upon by Borrower on any Business Day of Banks during the period from the date hereof until and including June 30, 1997, or such earlier date as may be fixed by Borrower on at least one (1) Business Day's telephonic notice to Agent, to be confirmed in writing by Borrower, in the form of actual fundings to Borrower by Banks in such amounts as Borrower may from time to time request (each such funding being hereinafter referred to individually as a "Non-Revolving Advance" and collectively as the "Non-Revolving Advances"), so long as the aggregate principal amount of all outstanding Non-Revolving Advances at any one time does not

exceed the Non-Revolving Commitment. On July 1, 1997, all of Banks' obligations to make Non-Revolving Advances on the Non-Revolving Line of Credit shall cease, and shall automatically, without the necessity of any further act on the part of Banks, Agent or Borrower, convert to a term loan in a principal amount equal to the aggregate amount of all Non-Revolving Advances made by Banks to Borrower during the period from October 24, 1996 until and including June 30, 1997. All Non-Revolving Advances repaid on the Non-Revolving Line of Credit shall not be reborrowed but shall reduce the Non-Revolving Commitment on a dollar-for-dollar basis. The credit facility described in this Section 1.1 is hereinafter referred to as the "Term Credit Facility".

3. Section 2.1. Section 2.1 of the Fifth Amended and Restated Credit Agreement is hereby amended in its entirety to state:

2.1 Term Notes. The Non-Revolving Advances shall be evidenced by two (2) promissory notes of Borrower payable to the order of First NBC and Whitney, respectively, each in the original principal amount of SEVEN MILLION FIVE HUNDRED THOUSAND AND NO/100 DOLLARS (\$7,500,000.00) and in the forms set forth as Exhibits "B" and "C" to this Agreement (each such note, together with any and all renewals, modifications, extensions, amendments, supplements and/or substitutions therefor, being sometimes referred to herein individually as a "Term Note" and collectively as the "Term Notes"), with appropriate insertions, each of which shall be dated January 2, 1997 and shall be payable in full on June 30, 2004. All Non-Revolving Advances made by Banks to Borrower pursuant to this Agreement and all payments of principal shall be recorded by Banks on the schedule attached to each Term Note, but Banks' failure to record or to record correctly such Non-Revolving Advances shall in no way affect Borrower's obligation to repay same. Each Term Note shall provide for quarterly installments of principal commencing September 30, 1997, each in an amount equal to one-twenty-eighth (1/28th) of the aggregate amount of all Non-Revolving Advances made by Banks to Borrower during the period from October 24, 1996 through and including June 30, 1997.

4. Section 3.1. The penultimate sentence of Section 3.1 of the Fifth Amended and Restated Credit Agreement is hereby amended by replacing "December 31, 1996 and March 31, 1996" with the phrase "December 31, 1996, March 31, 1997, and June 30, 1997".

5. Section 5.1. New Sections 5.1(c) and 5.1(d) are hereby added to the Fifth Amended and Restated Credit Agreement to state:

(c) As of January 2, 1997, Borrower has granted to First NBC, as Agent for Banks, as security for the Notes and other Obligations, a first priority security interest in all capital stock of Dolphin Sales & Rentals, Inc. ("Dolphin Sales"), Dolphin Steel Sales, Inc. ("Dolphin Steel"), and Dolphin Services, Inc. ("Dolphin Services"), as evidenced by (i) that certain Commercial Pledge and Security Agreement, dated January 2, 1997, by Borrower, as pledgor, in favor of First NBC, as Agent for Banks, as pledgee (the "Stock Pledge") and (ii) that certain UCC-1 Financing Statement by Borrower (the "Stock Pledge Financing Statement"). Dolphin Sales, Dolphin Steel, and Dolphin Services shall be referred to collectively as the "Dolphin Companies", and each such company may be referred to generically as a "Dolphin Company".

(d) As of January 2, 1997, Borrower has caused the Dolphin Companies to guarantee the Notes and Borrower's other Obligations to Banks and to grant mortgages on their respective immovable properties (collectively, the "Dolphin Real Estate") and a security interest in their respective Equipment and Fixtures as security for

the aforesaid guaranties and as direct security for the Notes and Borrower's other Obligations to Banks, as evidenced by:

- (i) That certain Commercial Guaranty by Dolphin Sales, dated January 2, 1997, in favor of First NBC, as Agent for Banks, which secures the Notes and Borrower's other Obligations to Banks (the "Dolphin Sales Guaranty");
- (ii) That certain Commercial Guaranty by Dolphin Steel, dated January 2, 1997, in favor of First NBC, as Agent for Banks, which secures the Notes and Borrower's other Obligations to Banks (the "Dolphin Steel Guaranty");
- (iii) That certain Commercial Guaranty by Dolphin Services, dated January 2, 1997, in favor of First NBC, as Agent for Banks, which secures the Notes and Borrower's other Obligations to Banks (the "Dolphin Services Guaranty");
- (iv) That certain Collateral Mortgage Note by Dolphin Sales, dated January 2, 1997, in the principal sum of \$3,000,000.00, bearing interest at the rate of eighteen percent (18%) per annum, from date until paid, and payable to the order of Bearer (the "Dolphin Sales Note");
- (v) That certain Collateral Mortgage by Dolphin Sales, dated January 2, 1997, in favor of First NBC, as Agent for Banks, and any and all future holders, which mortgage encumbers Dolphin Sales' immovable property in Terrebonne Parish, Louisiana more fully described on Exhibit "L" to this Agreement (the "Dolphin Sales Real Estate") and secures the Dolphin Sales Note (the "Dolphin Sales Mortgage");
- (vi) That certain Pledge of Collateral Mortgage Note, dated January 2, 1997, by Dolphin Sales to First NBC, as Agent for Banks, with respect to the Dolphin Sales Note, which secures the Notes, Borrower's other Obligations to Banks, and the Dolphin Sales Guaranty (the "Dolphin Sales Pledge");
- (vii) That certain Collateral Mortgage Note by Dolphin Services, dated January 2, 1997, in the principal sum of \$3,000,000.00, bearing interest at the rate of eighteen percent (18%) per annum, from date until paid, and payable to the order of Bearer (the "Dolphin Services Note");
- (viii) That certain Collateral Mortgage by Dolphin Services, dated January 2, 1997, in favor of First NBC, as Agent for Banks, and any and all future holders, which mortgage encumbers Dolphin Services' immovable property in Terrebonne Parish, Louisiana more fully described on Exhibit "M" to this Agreement (the "Dolphin Services Real Estate") and secures the Dolphin Services Note (the "Dolphin Services Mortgage");
- (ix) That certain Pledge of Collateral Mortgage Note, dated January 2, 1997, by Dolphin Services to First NBC, as Agent for Banks, with respect to the Dolphin Services Note, which secures the Notes, Borrower's other Obligations to Banks, and the Dolphin Services Guaranty (the "Dolphin Services Pledge");
- (x) That certain Commercial Security Agreement, dated January 2, 1997, by Dolphin Sales, as grantor, in favor of First NBC, as Agent for Banks, creating a security interest in Dolphin Sales' Equipment and Fixtures, as security for the Notes, Borrower's other Obligations to Banks, and the Dolphin Sales

Guaranty (the "Dolphin Sales Security Agreement");

- (xi) A UCC-1 Financing Statement executed by Dolphin Sales in connection with the Dolphin Sales Security Agreement;
- (xii) That certain Commercial Security Agreement, dated January 2, 1997, by Dolphin Steel, as grantor, in favor of First NBC, as Agent for Banks, creating a security interest in Dolphin Steel's Equipment and Fixtures, as security for the Notes, Borrower's other Obligations to Banks, and the Dolphin Steel Guaranty (the "Dolphin Steel Security Agreement");
- (xiii) A UCC-1 Financing Statement executed by Dolphin Steel in connection with the Dolphin Steel Security Agreement;
- (xiv) That certain Commercial Security Agreement, dated January 2, 1997, by Dolphin Services, as grantor, in favor of First NBC, as Agent for Banks, creating a security interest in Dolphin Services' Equipment and Fixtures, as security for the Notes, Borrower's other Obligations to Banks, and the Dolphin Services Guaranty (the "Dolphin Services Security Agreement"); and
- (xv) A UCC-1 Financing Statement executed by Dolphin Services in connection with the Dolphin Services Security Agreement.

6. Section 6. Section 6 of the Fifth Amended and Restated Credit Agreement is hereby amended in its entirety to state:

Section 6. Representations and Warranties of Borrower.

Borrower represents and warrants to Banks and Agent that:

6.1 Corporate Existence. Each of Borrower and its Subsidiaries is a corporation duly organized, validly existing and in good standing under the laws of the State of Louisiana; and each of Borrower and its Subsidiaries has all necessary corporate power and authority to acquire, own and hold the property and all other properties it purports to own and hold and to carry on its business as now conducted.

6.2 Authorization; Validity. Each of Borrower and its Subsidiaries is and/or has been duly authorized to execute and deliver this Agreement and all other Loan Documents to which such Borrower or Subsidiary is a party and to perform its obligations under this Agreement and all other Loan Documents to which such Borrower or Subsidiary is a party. Borrower is duly authorized and will continue to be duly authorized to borrow money hereunder. Each of this Agreement and the other Loan Documents to which Borrower or one of its Subsidiaries is a party, as executed and delivered, constitutes the legal, valid and binding obligation of Borrower and/or such Subsidiary, enforceable in accordance with the respective terms thereof.

6.3 No Conflicts. The execution and delivery of the Loan Documents and the performance by each of Borrower and its Subsidiaries of its obligations thereunder do not and will not conflict with any provision of law or of the charter or by-laws of Borrower or such Subsidiary or of any agreement binding upon Borrower or such Subsidiary, as the case may be.

6.4 Financial Statements. Borrower's audited financial statement as of December 31, 1995, a copy of which has been furnished to Banks, has been prepared in conformity with GAAP applied on a basis consistent with that of the preceding fiscal year and period, presents fairly the financial condition of Borrower as of such date and the results of its operations for the periods then ended. Borrower's unaudited financial statement as of September 30, 1996, a copy of which has been previously furnished to Banks, except for the absence

of footnotes normally associated with financial statements prepared in accordance with GAAP, has been prepared in conformity with GAAP and presents fairly the financial condition of Borrower as of such date and the results of its operations for the periods then ended. Since December 31, 1995, there has been no material adverse change in Borrower's financial condition. Since December 31, 1996, there has been no material adverse change in the financial condition of any of Borrower's Subsidiaries.

6.5 Litigation. To the best of Borrower's knowledge, after due inquiry, no litigation or governmental proceedings are pending or threatened against Borrower or any of its Subsidiaries, the results of which might materially affect Borrower's or such Subsidiary's financial condition or operations, except those referred to in a schedule furnished contemporaneously herewith and attached hereto as Schedule 1. Other than any liability incident to such litigation or proceedings or provided for or disclosed in the financial statements referred to in Section 6.4, Borrower does not have any material contingent liabilities. No Subsidiary has any material contingent liability other than those imposed by the Dolphin Guaranties and the other Dolphin Security Instruments.

6.6 Liens. None of the assets of Borrower or any of its Subsidiaries with a net book value of greater than \$25,000.00 is subject to any Lien, except for the Liens created pursuant to the Collateral Documents and Permitted Liens.

6.7 Subsidiaries. Borrower has no Subsidiaries other than the Dolphin Companies, and no Dolphin Company has any Subsidiaries.

6.8 Purpose. The proceeds of the Revolving Credit Facility shall be used by Borrower only for the support of working capital and for other general corporate purposes. The proceeds of the Term Credit Facility shall be used by Borrower only to make capital improvements to the Real Property, to acquire additional Equipment to be located on the Real Property or on the Dolphin Real Estate, and to fund Borrower's acquisition of the Dolphin Companies.

6.9 Use of Proceeds; Margin Securities. Borrower is not engaged in the business of purchasing or selling margin stock (as defined in Regulation U of the Board of Governors of the Federal Reserve System) or extending credit to others for the purpose of purchasing or carrying margin stock and, without limiting the generality of Section 6.8 hereof, no part of the proceeds of any borrowing hereunder will be used to purchase or carry any margin stock or for any other purpose which would violate any of the margin regulations of such Board of Governors.

6.10 Compliance with ERISA. Each of Borrower and its Subsidiaries is in compliance with all statutes and governmental rules and regulations applicable to it, including, without limitation, the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). No condition exists or event or transaction has occurred in connection with any plan, as defined in Sections 3(3) and 3(37) of ERISA, maintained by Borrower or any of its Subsidiaries (any such plan being hereinafter called the "Plan"), which could result in Borrower's or such Subsidiary's incurring any material liability, fine or penalty. No Reportable Event (as defined in ERISA) has occurred with respect to any such Plan. Neither Borrower nor any of its Subsidiaries has withdrawn from any such Plan or initiated steps to do so and no steps have been taken to terminate any such Plan.

6.11 Consents. No consent, approval or authorization of, or registration or declaration with, any federal or state governmental authority or other regulatory agent for the validity of the execution and delivery or for the performance by Borrower or any of its Subsidiaries of the Loan Documents is required.

6.12 Tax Returns. Each of Borrower and its

Subsidiaries has filed all tax returns which are required to be filed by any jurisdiction, and has paid all taxes which have become due pursuant to said returns or pursuant to any assessments.

6.13 Ownership of Borrower and Subsidiaries. No less than forty-five percent (45%) of the issued and outstanding stock of Borrower is owned by the Labordes and no less than forty-five percent (45%) of the issued and outstanding stock of Borrower is owned by the Wilsons. Borrower owns one hundred percent (100%) of the issued and outstanding stock of each Dolphin Company.

6.14 Operation of Business. Each of Borrower and its Subsidiaries possesses all licenses, permits, franchises, patents, copyrights, trademarks and trade names, or rights thereto, to conduct its business substantially as now conducted and as presently proposed to be conducted, and neither Borrower nor any of its Subsidiaries is in violation of any valid rights of others with respect to any of the foregoing.

6.15 Rights in Properties; Liens. Each of Borrower and its Subsidiaries has good and indefeasible title to its properties and assets, real and personal, including the properties and assets reflected in the financial statements described in Section 6.4 hereof, and none of the properties, assets or leasehold interests of Borrower or any Subsidiary is subject to any Lien, except as permitted by Section 7.11 hereof.

6.16 Debt. Borrower has no Debt, except as disclosed in the financial statements described in Section 6.4 hereof and as otherwise permitted by this Agreement. No Subsidiary of Borrower has any Debt except as owed to Borrower or as otherwise permitted by this Agreement.

6.17 Disclosure. No statement, information, report, representation or warranty made by Borrower or any of its Subsidiaries in this Agreement or in any of the other Loan Documents or furnished by Borrower or any of its Subsidiaries to Banks or Agent in connection with the negotiation or preparation of this Agreement, or any amendment hereto, contains any untrue statement of a material fact or omits to state any material fact necessary to make the statements herein or therein not misleading. There is no fact known to Borrower or to any of its Subsidiaries that has not been disclosed in writing to Banks which has a material adverse effect, or which might in the future have a material adverse effect, on the business, assets, financial condition or operations of Borrower, any of its Subsidiaries or on the Collateral.

6.18 Registered Office; Principal Place of Business; Location of Collateral. The principal place of business, chief executive office and registered office of Borrower and the place where Borrower keeps its books and records and all Collateral is located on the Real Property. The principal place of business, chief executive office and registered office of each of the Dolphin Companies and the place where each of the Dolphin Companies keeps its books and records and all collateral encumbered by the Dolphin Security Agreements is located in Terrebonne Parish, Louisiana (with the exception of certain collateral encumbered by the Dolphin Security Agreements which is, from time to time and in the ordinary course of the Dolphin Companies' businesses, temporarily located at job sites outside of Terrebonne Parish). Borrower has always maintained its registered office in either Terrebonne or East Baton Rouge Parish, Louisiana, and each of the Dolphin Companies has always maintained its registered office in Terrebonne Parish, Louisiana. Neither Borrower nor any of its Subsidiaries does, or has ever done, any business from any location other than as set forth in this Section. No Person other than Borrower, the Dolphin Companies, Agent and Banks has possession of any of the Collateral.

6.19 Investment Company Act. Neither Borrower nor any of its Subsidiaries is an "Investment Company" within the meaning of the Investment Company Act of

1940, as amended.

6.20 Other Agreements. With the exception of construction contracts entered into by Borrower or one of its Subsidiaries in the ordinary course of Borrower's or such Subsidiary's business, neither Borrower nor any of its Subsidiaries is a party to any indenture, loan or credit agreement, or to any lease or other agreement or instrument, or subject to any charter of corporate restriction which could have a material adverse effect on the business, properties, assets, operations or conditions, financial or otherwise, of Borrower or such Subsidiary, or the ability of Borrower or such Subsidiary to pay and perform its obligations under the Loan Documents to which it is a party. Neither Borrower nor any of its Subsidiaries is in default in any respect in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in any agreement or instrument material to its business to which it is a party.

6.21 Compliance with Law. Each of Borrower and its Subsidiaries is in compliance with all laws, rules, regulations, orders and decrees which are applicable to Borrower, its Subsidiaries or any of their respective properties. Without limiting the generality of the foregoing:

- (a) Employment Matters. Each of Borrower and its Subsidiaries is in full compliance with all applicable laws, rules, regulations and governmental standards regarding employment, including, without limitation, the minimum wage and overtime provisions of the Fair Labor Standards Act, as amended (29 U.S.C. Sections 201 - 219), and the regulations promulgated thereunder.
- (b) Environmental Matters.
 - (i) Each of Borrower and its Subsidiaries and all of their respective properties, assets and operations are in full compliance with all Environmental Laws. Neither Borrower nor any of its Subsidiaries is aware of or has received notice of, any past, present or future conditions, events, activities, practices or incidents which may interfere with or prevent the compliance or continued compliance of Borrower or any of its Subsidiaries with all Environmental Laws.
 - (ii) With the exception of the permits specifically referred to in Section 7.8 hereof, each of which Borrower or its Subsidiaries shall obtain and/or file, as the case may be, in accordance with the terms of Section 7.8, each of Borrower and its Subsidiaries has obtained all permits, licenses and authorizations and has filed all plans which are required under Environmental Laws in order to conduct its business and/or own its properties and assets including without limitation all Louisiana air emission permits required under any Environmental Law in order to conduct Borrower's or such Subsidiary's business and/or own its assets or properties.
 - (iii) Each of Borrower and its Subsidiaries has on file an SPCC Plan as required under applicable Environmental Laws in connection with Borrower's storage of petroleum on the Real Property or, if applicable, in connection with a Subsidiary's storage of petroleum on its immovable property.
 - (iv) No Hazardous Substances or Solid Wastes exist on, about or within or have been used, generated, stored, transported, disposed of on, or released from any of the properties or assets of Borrower or any of its Subsidiaries except in compliance with Environmental Laws.

- (v) There is no action, suit, proceeding, investigation or inquiry before any court, administrative agency or other governmental authority pending or, to the knowledge of Borrower or any of its Subsidiaries, threatened against Borrower or any of its Subsidiaries relating in any way to any Environmental Law. Neither Borrower nor any of its Subsidiaries has (A) been notified of any liability for remedial action under any Environmental Law, (B) received any request for information by any governmental authority with respect to the condition, use or operation of any of its properties or assets, or (C) received any notice from any governmental authority or other Person with respect to any violation of or liability under any Environmental Law.

6.22 Corporate Name. The exact corporate name of Borrower as it appears in its articles of incorporation is as set forth in the introduction of this Agreement and, with the exception of doing business under the name GIFI, Inc., Borrower has never done any business in any location under any other name. The exact corporate name of each Dolphin Company as it appears in its articles of incorporation is as set forth in Section 5.1(c) of this Agreement, and no Dolphin Company has ever done any business in any location under any other name.

6.23 Collateral. The Collateral Documents create in favor of Banks, and/or Agent for the benefit of Banks, valid, enforceable and perfected Liens on the properties described therein, which Liens secure the payment and performance of the obligations of Borrower and its Subsidiaries to Banks described in the Collateral Documents, and which Liens are superior to the rights of all third Persons, whether now existing or hereafter arising.

6.24 Taxpayer I.D. Numbers. Borrower's Federal Taxpayer Identification Number is 72-1147390. Dolphin Services' Federal Taxpayer Identification Number is 72-0890896; Dolphin Sales' Federal Taxpayer Identification Number is 72-1092285; and Dolphin Steel's Federal Taxpayer Identification Number is 72-1092757.

7. Section 7. Section 7 of the Fifth Amended and Restated Credit Agreement is hereby amended in its entirety to state:

Section 7. Borrower's Covenants.

From the date of this Agreement and thereafter until the expiration or termination of the Commitments, and until the Notes and other liabilities of Borrower hereunder are paid in full and all other obligations and liabilities under the Loan Documents are performed and paid in full, Borrower agrees that it will:

7.1 Financial Statements. Furnish to Agent:

- (a) within one hundred twenty (120) days after the end of each fiscal year, a copy of Borrower's financial statements (describing assets, liabilities, and results of operations both for Borrower individually and for Borrower and its Subsidiaries on a consolidated basis), audited by independent certified public accountants of nationally recognized standing selected by Borrower and reasonably satisfactory to Banks, prepared in conformity with GAAP;
- (b) within forty-five (45) days after the end of each month, a copy of Borrower's unaudited financial statements (describing assets, liabilities, and results of operations both for Borrower individually and for Borrower and its Subsidiaries on a consolidated basis) prepared in conformity with GAAP, except for the absence of footnotes normally associated with financial statements

prepared in accordance with GAAP;

- (c) together with the financial statements furnished by Borrower under preceding clause (a), a certificate of the president or chief financial officer of Borrower to the effect that no Event of Default with respect to Borrower, or event which might mature into an Event of Default with respect to Borrower, has occurred and is continuing;
- (d) forthwith upon the occurrence of an Event of Default, a certificate of the president or chief financial officer of Borrower specifying the nature and the period of existence thereof and what action Borrower proposes to take with respect thereto;
- (e) written notice of any and all litigation affecting Borrower or any of its Subsidiaries, directly or indirectly; provided, however, this requirement shall not apply to litigation involving Borrower or one of its Subsidiaries and any other party if such litigation involves, in the aggregate, less than \$100,000.00;
- (f) prompt notice of any change in the present officers, directors and/or stockholders of Borrower or any of its Subsidiaries; and
- (g) from time to time, such other information as Banks may reasonably request.

7.2 Access. Permit access, and cause its Subsidiaries to permit access, by Banks and Agent to the books and records and other property of Borrower and its Subsidiaries during normal business hours and upon reasonable notice and permit, and cause its Subsidiaries to permit, Banks to make copies of said books and records.

7.3 Insurance. Maintain, and cause its Subsidiaries to maintain, with financially sound and reputable insurance companies workmen's compensation insurance, liability insurance and insurance on Borrower's and its Subsidiaries' property, assets and business at least to such extent and against such hazards and liabilities as is commonly maintained by similar companies and, in addition to the foregoing insurance, such insurance as may be required in the Collateral Documents. In the case of property (whether owned by Borrower or by one of its Subsidiaries) in which Banks or Agent has a Lien, Borrower shall provide, and shall cause its Subsidiaries to provide, Agent with duplicate originals or certified copies of such policies of insurance in such forms and amounts, and containing such terms and conditions, as are satisfactory to Banks, naming Banks as additional loss payees and as additional insureds as their interests may appear and providing that such policies will not be canceled without thirty (30) days' prior written notice to Banks.

7.4 Repair. Maintain, preserve and keep, and cause its Subsidiaries to maintain, preserve, and keep, Borrower's and such Subsidiaries' properties in good repair, working order and condition, and make, and cause its Subsidiaries to make, necessary and proper repairs, renewals and replacements so that Borrower's and its Subsidiaries' business carried on in connection therewith may be properly conducted at all times.

7.5 Taxes. Pay or discharge, and cause its Subsidiaries to pay and discharge, at or before maturity or before becoming delinquent (a) all taxes, levies, assessments and governmental charges imposed on Borrower or any of its Subsidiaries or its income or profits or any of its property, and (b) all lawful claims for labor, materials and supplies which, if

unpaid, might become a Lien upon any of Borrower's property or the property of any of its Subsidiaries; provided, however, that neither Borrower nor any Subsidiary shall be required to pay or discharge any tax, levy, assessment or governmental charge which is being contested in good faith by appropriate proceedings diligently pursued.

7.6 Corporate Existence. Maintain its corporate existence in good standing and cause its Subsidiaries to maintain their respective corporate existences in good standing.

7.7 Merger. Without the prior written consent of Banks, not, and cause each of its Subsidiaries not to:

- (a) be a party to any merger or consolidation (other than a merger of one or more of the Dolphin Companies into another Dolphin Company or a merger of one or more of the Dolphin Companies into Borrower, in either event followed by notice to Banks of the merger delivered within ten (10) days after the merger becomes effective);
- (b) except in the normal course of its business, sell, transfer, convey, or lease all or any substantial part of Borrower's or a Subsidiary's assets;
- (c) sell or assign, except in the normal course of Borrower's business or the business of one of its Subsidiaries, with or without recourse, any accounts receivable or chattel paper.

7.8 Compliance. Comply, and cause its Subsidiaries to comply, with all statutes, laws, ordinances, orders, rules and regulations applicable to Borrower or such Subsidiary, including, without limitation, all Environmental Laws and ERISA; provided, however, Borrower and its Subsidiaries shall be deemed to be in compliance with this requirement for such time as Borrower or one of its Subsidiaries may be contesting, in good faith and with diligence by appropriate proceedings, any alleged violation of any statute, rule or regulation. Borrower shall not permit, and shall cause each of its Subsidiaries not to permit, any condition to exist in connection with any Plan which might constitute grounds for the PBGC to institute proceedings to have such Plan terminated or a trustee appointed to administer such Plan, and Borrower shall not engage in, or permit to exist or occur, and shall cause its Subsidiaries not to engage in or permit to occur or exist, any other condition, event or transaction with respect to, any such Plan which could result in Borrower or one of its Subsidiaries incurring any material liability, fine or penalty.

Without limiting the generality of the foregoing, Borrower shall comply, and shall cause each of its Subsidiaries to comply, fully with and maintain in effect any and all environmental permits and licenses required under any Environmental Law in order to conduct Borrower's or such Subsidiary's business. To the extent such permits are required but have not been obtained, or to the extent such existing permits must be modified or renewed, Borrower shall make, and shall cause its Subsidiaries to make, timely application for and obtain all such permits, modifications or renewals thereof, as the case may be, including, but not limited to, necessary federal and/or state water discharge, air emission and waste management permits.

As often as Banks or Agent may require, Borrower shall submit to Agent written progress reports addressing the status of environmental permits and plans required of Borrower or any of its Subsidiaries, including pending permit applications. All permits required hereunder shall be obtained and/or filed, as the case may be, within six (6) months from the effective date hereof.

Anything contained herein to the contrary

notwithstanding, Borrower shall not use, or permit any of its Subsidiaries to use, any of the properties of Borrower or of one of Borrower's Subsidiaries or allow such properties to be used for the storage, treatment or disposal of Solid Waste or Hazardous Substances except in the ordinary course of Borrower's or such Subsidiary's business and in compliance with the terms or any applicable Environmental Law or permit.

7.9 Use of Proceeds. Not use or permit any proceeds of the Loans to be used, either directly or indirectly, for the purpose, whether immediate, incidental or ultimate, of "purchasing or carrying any margin stock" within the meaning of Regulation U of the Board of Governors of the Federal Reserve System, as amended from time to time, and furnish to Banks, upon either of their requests, a statement in conformity with the requirements of Federal Reserve Form U-1 referred to in Regulation U of the Board of Governors of the Federal Reserve System.

7.10 Financial Covenants. Maintain, on a consolidated basis with all of its Subsidiaries,

- (a) a ratio of current assets to current liabilities, as determined in accordance with GAAP, in excess of 1.33 to 1;
- (b) a minimum Net Worth of NINETEEN MILLION AND NO/100 DOLLARS (\$19,000,000.00) for the period commencing September 30, 1996 and ending December 31, 1997; a minimum Net Worth of TWENTY-ONE MILLION AND NO/100 DOLLARS (\$21,000,000.00) for the period January 1, 1998 through December 31, 1998, and a minimum Net Worth of TWENTY-THREE MILLION AND NO/100 DOLLARS (\$23,000,000.00) from and including January 1, 1999 and thereafter;
- (c) a ratio of Debt to Net Worth no greater than 1.1 to 1; and
- (d) a ratio of Cash Flow to Debt Service of at least 1.5 to 1, such ratio to be determined as of the end of each fiscal quarter by giving effect to such fiscal quarter and the three (3) immediately preceding fiscal quarters; provided that there shall be no Event of Default under this Section 7.10(d) unless Borrower fails to meet the ratio described in this Section 7.10(d) for three (3) successive fiscal quarters.

7.11 Liens. Not create, incur, or suffer to exist, and not permit any of Borrower's Subsidiaries to create, incur or suffer to exist, any Lien on any of Borrower's property or on the property of Borrower's Subsidiaries except ((a) through (g) of this Section being referred to collectively as the "Permitted Liens"):

- (a) those for taxes, assessments or governmental charges or levies if the same shall not at the time be delinquent or thereafter can be paid without penalty, or are being contested in good faith and by appropriate proceedings;
- (b) those imposed by law, such as carriers', warehousemen's and mechanics' liens and other similar liens arising in the ordinary course of business which secure payment of obligations not more than sixty (60) days past due;
- (c) those arising out of pledges or deposits under workmen's compensation laws, unemployment insurance, old age pensions, or other social security or retirement benefits, or similar legislation;

- (d) utility easements, building restrictions and such other encumbrances or charges against real property as are of a nature generally existing with respect to properties of a similar character and which do not in any material way affect the marketability of the same or interfere with the use thereof in the business of Borrower or of any of Borrower's Subsidiaries;
- (e) lessors' interests under financing leases;
- (f) liens on assets of Borrower and its Subsidiaries not covered by the Loan Documents which liens secure obligations of Borrower or its Subsidiaries in the ordinary course of business which in the aggregate for all such obligations of Borrower and its Subsidiaries do not exceed \$250,000.00; and
- (g) the Liens created pursuant to the Loan Documents.

7.12 Debt. Not create or permit to exist, and not allow any of Borrower's Subsidiaries to create or permit to exist, any Debt without the prior written consent of Banks, if, as a result thereof, exclusive of the indebtedness contemplated by this Agreement, the aggregate amount of Debt of Borrower and its Subsidiaries would exceed the sum of \$250,000.00; provided, however, that any Subsidiary may incur Debt owed to Borrower and such Debt owed to Borrower shall not be included in the \$250,000.00 limit.

7.13 Redemptions, etc. Not, without the prior written approval of Banks: (1) redeem, purchase or acquire, directly or indirectly, any of Borrower's stock; (2) authorize or issue additional stock in Borrower of any class; (3) authorize any new class of stock in Borrower; (4) authorize any currently existing or new classes of stock in Borrower to become voting stock; or (5) sell or transfer any treasury shares of stock in Borrower. Provided, however, subparts (2) through (5) of this Section 7.13 shall not apply except to the extent that as a result thereof either (a) the Labordes would fail to retain at least forty-five percent (45%) of the issued and outstanding stock of Borrower, or (b) the Wilsons would fail to retain at least forty-five percent (45%) of the issued and outstanding stock of Borrower. For purposes of this Section 7.13, the Labordes and the Wilsons shall be deemed owners of the issued and outstanding stock of Borrower with respect to any issued and outstanding stock that is owned either by the Labordes or the Wilsons, any descendant of the Labordes or the Wilsons, any trust for the exclusive benefit of the Labordes or the Wilsons or any descendant of the Labordes or the Wilsons, or the respective estates of the Labordes or the Wilsons or any descendant of the Labordes or the Wilsons if said stock will ultimately pass from the respective estates of the Labordes or the Wilsons to a descendant or a trust for the exclusive benefit of a descendant of the Labordes or the Wilsons.

7.14 Capital Expenditures. Not make capital expenditures, directly or through a Subsidiary, which would exceed \$9,000,000.00 in calendar year 1996; \$8,000,000.00 in calendar year 1997 (in addition to and excluding the purchase price paid by Borrower for the Dolphin Companies); or \$2,000,000.00 per calendar year thereafter.

7.15 Dividends. Not declare or pay any dividends or make any other distribution on account of, or purchase, acquire, redeem or retire any capital stock of, Borrower, whether now or hereafter outstanding, provided that, so long as there is no Event of Default hereunder and Borrower continues as an S Corporation, Borrower shall be permitted to pay the following cash dividends on a cumulative basis, to-wit:

- (a) commencing with Borrower's first fiscal

quarter 1996 and with respect to each fiscal quarter thereafter, regular dividends not to exceed 40% of Borrower's pretax income earned in the fiscal quarter immediately prior to the fiscal quarter in question, as determined in accordance with GAAP; and

- (b) commencing annually in 1996, special dividends not to exceed 65% of Borrower's pretax income earned in the fiscal year of Borrower immediately prior to the fiscal year in question, as determined in accordance with GAAP and as provided in the audited financial statements furnished to Agent pursuant to Section 7.1(a) hereof, less the sum of dividends paid in the 2nd, 3rd, and 4th fiscal quarters of such prior fiscal year and dividends paid in the 1st fiscal quarter of the fiscal year in question.

7.16 Shareholder or Employee Loans. Not make, and not permit any Subsidiary to make, advances or loans to employees of Borrower or any Subsidiary or shareholders of Borrower which exceed the aggregate amount of \$100,000.00.

7.17 Change in Business. Carry on and conduct, and cause its Subsidiaries to carry on and conduct, the business of Borrower and each of its Subsidiaries in substantially the same manner and in substantially the same fields of enterprise as such businesses are presently conducted; provided, however, that the foregoing shall not prevent Borrower or one of its Subsidiaries from engaging in new and additional activities as long as said activities are in substantially the same fields of enterprise as are currently being engaged in by Borrower and the Dolphin Companies.

7.18 Accounts Receivable. Provide, and cause Dolphin Services to provide, Banks with aging reports of Borrower's and Dolphin Services' accounts receivable on a monthly basis.

7.19 Compliance with Agreements. Comply with, and cause each of its Subsidiaries to comply with, all indentures, mortgages, deeds of trust and other agreements binding on Borrower or any Subsidiary or affecting its properties or business.

7.20 Further Assurances. Execute and deliver, and cause its Subsidiaries to execute and deliver, such further documentation as may be requested by Banks or Agent to carry out the provisions and purposes of this Agreement and the other Loan Documents and to preserve and perfect the Liens of Banks or Agent for the benefit of Banks, as the case may be, in the Collateral.

7.21 Disposition of Assets. Not sell, lease, assign, transfer or otherwise dispose of, and shall cause each of its Subsidiaries not to sell, lease, assign, transfer or otherwise dispose of, any of its assets, except dispositions of inventory and equipment in the ordinary course of business and as otherwise provided in this Agreement.

7.22 Change Tax I.D. Number. Not change, and cause its Subsidiaries not to change, any of the Federal Taxpayer Identification Numbers set forth in Section 6.24 hereof without giving Agent at least sixty (60) days' prior written notice.

7.23 Indemnity. Indemnify, defend and hold Agent and Banks and their respective directors, officers, agents, attorneys and employees harmless from and against all claims, demands, causes of action, liabilities, losses, costs and expenses (including, without limitation, costs of suit, reasonable legal fees and fees of expert witnesses) arising from or in connection with (a) the presence in, on or under any property of Borrower or of any Subsidiary of Borrower (including, without limitation, the Real Property, the

GIFI Property, and the Dolphin Real Estate) of any Hazardous Substance or Solid Waste, or any releases or discharges (as the terms "release" and "discharge" are defined under any applicable Environmental Law) of any Hazardous Substance or Solid Waste on, under or from such property, (b) any activity carried on or undertaken on or off such property of Borrower or of any of its Subsidiaries, whether prior to or during the term of this Agreement, and whether by Borrower, any of its Subsidiaries or any predecessor in title to Borrower's or such Subsidiary's property or any officers, employees, agents, contractors or subcontractors of Borrower, any Subsidiary of Borrower or any predecessor in title to the property of Borrower or such Subsidiary, or any third persons at any time occupying or present on such property, in connection with the handling, use, generation, manufacture, treatment, removal, storage, decontamination, clean-up, transportation or disposal of any Hazardous Substance or Solid Waste at any time located or present on or under any of the aforescribed property, or (c) any breach of any representation, warranty or covenant under the terms of this Agreement. The foregoing indemnity shall further apply to any residual contamination on or under any or all of the aforescribed property, or affecting any natural resources, and to any contamination of any property or natural resources arising in connection with the use, handling, storage, transportation or disposal of any Hazardous Substance or Solid Waste, and irrespective of whether any of such activities were or will be undertaken in accordance with applicable laws, regulations, codes and ordinances. The indemnity described in this Section shall survive the termination of this Agreement for any reason whatsoever.

7.24 GIFI Property and Dolphin Real Estate. Not create a Lien on the GIFI Property, or permit any Subsidiary to create a Lien on the Dolphin Real Estate, in favor of, or otherwise convey, or permit a Subsidiary to convey, the GIFI Property or the Dolphin Real Estate to any Person without the prior written consent of Banks.

8. Section 10.4. Section 10.4 of the Fifth Amended and Restated Credit Agreement is hereby amended in its entirety to state:

10.4 Insolvency. Borrower or any Subsidiary of Borrower becomes insolvent or admits in writing its inability to pay its debts as they mature or applies for, consents to, or acquiesces in the appointment of a trustee or receiver for Borrower, such Subsidiary or any property of Borrower or of such Subsidiary; or, in the absence of such application, consent or acquiescence, a trustee or receiver is appointed for Borrower, for any Subsidiary of Borrower or for a substantial part of any property of either Borrower or of any of its Subsidiaries and is not discharged within thirty (30) days; or any bankruptcy, reorganization, debt arrangement, or other proceeding under any bankruptcy or insolvency law, or any dissolution or liquidation proceeding is instituted by or against Borrower or any of Borrower's Subsidiaries, and if instituted against Borrower or one of Borrower's Subsidiaries, it is consented to or acquiesced in by Borrower or such Subsidiary, or remains for thirty (30) days undismissed; or any warrant of attachment is issued against any substantial portion of the property of Borrower or of any Subsidiary of Borrower which is not released within thirty (30) days of service;

9. Section 10.5. Section 10.5 of the Fifth Amended and Restated Credit Agreement is hereby amended to insert the phrase "...or by any Subsidiary of Borrower..." immediately following the word "Borrower" in the second line thereof.

10. Section 10.9. A new section 10.9 is hereby added to the Fifth Amended and Restated Credit Agreement to state:

10.9 Subsidiary Default. Any Subsidiary of Borrower defaults on the payment of any amount due Banks under any Loan Document to which such Subsidiary is a party, which default shall continue for a period of five (5) days following written notice thereof to

Borrower from Banks or Agent; any representation or warranty made by a Subsidiary of Borrower under any Loan Document is untrue in any material respect as of the date made, or any schedule, statement, report, notice or writing furnished by a Subsidiary of Borrower to Banks is untrue in any material respect on the date as of which the facts set forth are stated or certified, which default shall continue for a period of thirty (30) days after written notice thereof to Borrower from Banks or Agent; or any Subsidiary of Borrower defaults in the performance of any other covenant and/or agreement set forth in any Loan Document to which such Subsidiary is a party, which default shall continue for a period of thirty (30) days after written notice thereof to Borrower from Banks or Agent.

11. Section 12.1. Section 12.1 of the Fifth Amended and Restated Credit Agreement is hereby amended to include the following substituted or additional definitions:

"Agreement" means this Fifth Amended and Restated Revolving Credit and Term Loan Agreement, as it has been amended by that certain First Amendment to Fifth Amended and Restated Revolving Credit and Term Loan Agreement and as it may be further amended, restated, modified and/or supplemented from time to time in the future.

"Collateral Documents" means the GIF Collateral Mortgage, the GIF Collateral Chattel Mortgages, the GIF Collateral Chattel Mortgage, the Lease Assignment, the Real Property Collateral Mortgage, the Security Agreement, the Financing Statement, the Stock Pledge, the Stock Pledge Financing Statement, the Dolphin Security Instruments and any and all other documents, instruments and agreements delivered to Agent or Banks to secure the Loans and/or any other obligations described in this Agreement, as the foregoing may be amended, modified or supplemented from time to time.

"Conversion Date" means June 30, 1997, the date on which all previously made Non-Revolving Advances shall automatically convert to a term loan in accordance with Section 1.1 hereof.

"Debt" means: (a) all obligations of Borrower or of any of Borrower's Subsidiaries for borrowed money, (b) all obligations of Borrower or of any of Borrower's Subsidiaries evidenced by bonds, notes, debentures or other similar instruments, (c) all obligations of Borrower or of any of Borrower's Subsidiaries to pay the deferred purchase price of property or services, except trade accounts payable by Borrower or by any of Borrower's Subsidiaries arising in the ordinary course of business which are not past due by more than sixty (60) days unless such trade accounts payable are being contested in good faith by appropriate proceedings, (d) all obligations of Borrower or of any of Borrower's Subsidiaries under any Capitalized Leases, (e) all obligations of Borrower or of any of Borrower's Subsidiaries under guaranties, endorsements (other than for collection or deposit in the ordinary course of business), assumptions or other contingent obligations, in respect of, or to purchaser or otherwise acquire, any obligation or indebtedness of Borrower or of any of Borrower's Subsidiaries, or any other obligations, contingent or otherwise, (f) all obligations secured by a Lien (except trade accounts payable by Borrower or by any of Borrower's Subsidiaries arising in the ordinary course of business which are not past due by more than sixty (60) days unless such trade accounts payable are being contested in good faith by appropriate proceedings secured by a vendor's lien) existing on property owned by Borrower or by any of Borrower's Subsidiaries, whether or not the obligations secured thereby have been assumed by Borrower or by any of Borrower's Subsidiaries or are non-recourse to the credit of Borrower or of any of Borrower's Subsidiaries, (g) all reimbursement obligations of Borrower or of any of Borrower's Subsidiaries, other than performance bonds of Borrower or of any of Borrower's Subsidiaries (whether contingent or otherwise), relating to letters of credit, bankers' acceptances and similar instruments,

and (h) all liabilities of Borrower or of any of Borrower's Subsidiaries in respect of unfunded vested benefits under any Plan; provided, however, the term "Debt" shall not include money borrowed by Borrower or by any of Borrower's Subsidiaries to pay premiums on insurance policies obtained by Borrower or by any of Borrower's Subsidiaries in the ordinary course of Borrower's or of any of Borrower's Subsidiaries' business.

"Debt Service" means, for any period in question, the sum of (a) all interest due and payable by Borrower or by any of Borrower's Subsidiaries to any Person during such period and (b) the aggregate amount of all principal due and payable during such period under this Agreement and any of the other Loan Documents.

"Eligible Receivables" shall mean, as of any date, an amount equal to the aggregate invoice amount owing on all trade accounts receivable of Borrower or of any of Borrower's Subsidiaries for goods sold, after deducting each such account that is unpaid ninety (90) days after the original invoice date thereof.

"Dolphin Companies" has the meaning ascribed in Section 5.1(c) above, and "Dolphin Company" likewise has the meaning ascribed in Section 5.1(c) above.

"Dolphin Guaranties" means, collectively, the Dolphin Sales Guaranty, the Dolphin Services Guaranty, and the Dolphin Steel Guaranty, and each of such guaranties may be referred to generically as a "Dolphin Guaranty".

"Dolphin Mortgage Instruments" means, collectively, the Dolphin Sales Note, the Dolphin Sales Mortgage, the Dolphin Sales Pledge, the Dolphin Services Note, the Dolphin Services Mortgage, and the Dolphin Services Pledge, and each of such instruments may be referred to generically as a "Dolphin Mortgage Instrument".

"Dolphin Real Estate" has the meaning ascribed in Section 5.1(d) above.

"Dolphin Sales" has the meaning ascribed in Section 5.1(c) above.

"Dolphin Sales Guaranty" has the meaning ascribed in Section 5.1(d) above.

"Dolphin Sales Mortgage" has the meaning ascribed in Section 5.1(d) above.

"Dolphin Sales Note" has the meaning ascribed in Section 5.1(d) above.

"Dolphin Sales Pledge" has the meaning ascribed in Section 5.1(d) above.

"Dolphin Sales Real Estate" has the meaning ascribed in Section 5.1(d) above.

"Dolphin Sales Security Agreement" has the meaning ascribed in Section 5.1(d) above.

"Dolphin Security Agreements" means, collectively, the Dolphin Sales Security Agreement, the Dolphin Services Security Agreement, and the Dolphin Steel Security Agreement, together with any associated UCC-1 financing statements, and each of such instruments may be referred to generically as a "Dolphin Security Agreement".

"Dolphin Security Instruments" means, collectively, the Dolphin Guaranties, the Dolphin Mortgage Instruments, and the Dolphin Security Agreements, and each of such instruments may be referred to generically as a "Dolphin Security Instrument".

"Dolphin Services" has the meaning ascribed in Section 5.1(c) above.

"Dolphin Services Guaranty" has the meaning

ascribed in Section 5.1(d) above.

"Dolphin Services Mortgage" has the meaning ascribed in Section 5.1(d) above.

"Dolphin Services Note" has the meaning ascribed in Section 5.1(d) above.

"Dolphin Services Pledge" has the meaning ascribed in Section 5.1(d) above.

"Dolphin Services Real Estate" has the meaning ascribed in Section 5.1(d) above.

"Dolphin Services Security Agreement" has the meaning ascribed in Section 5.1(d) above.

"Dolphin Steel" has the meaning provided in Section 5.1(c) above.

"Dolphin Steel Guaranty" has the meaning ascribed in Section 5.1(d) above.

"Dolphin Steel Security Agreement" has the meaning ascribed in Section 5.1(d) above.

"Environmental Laws" means any and all federal, state and local laws, regulations, ordinances, orders and requirements pertaining to health, safety or the environment, including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. Section 9601 et seq., the Resource Conservation and Recovery Act of 1976, 42 U.S.C. Section 6901 et seq., the Clean Air Act, 42 U.S.C. Section 7401 et seq., the Clean Water Act, 33 U.S.C. Section 1251 et seq., the Toxic Substances Control Act, 15 U.S.C. Section 2601 et seq., the Louisiana Environmental Quality Act, La. R.S. 30:2001, et seq., and all similar laws, regulations and requirements of any governmental authority or agency having jurisdiction over Borrower, any of its Subsidiaries or any of the property or assets of Borrower or of any of its Subsidiaries, as such laws, regulations and requirements may be amended or supplemented from time to time.

"Equipment" means all machinery, equipment, furniture and furnishings and other property described as "General Equipment" in the Security Agreement or as "equipment" under any of the Dolphin Security Agreements, now or hereafter owned by Borrower or by one of Borrower's Subsidiaries.

"Fixtures" means any and all goods and other property that, after placement on the Real Property, the GIFI Property, and/or the Dolphin Real Estate, become component parts thereof.

"Loan Documents" means, collectively, this Agreement, the Notes, the Collateral Documents, and any and all other documents, instruments and agreements executed in connection with the Loans, as the foregoing may be modified, supplemented and/or amended from time to time.

"Non-Revolving Commitment" means \$15,000,000.

"Stock Pledge" has the meaning ascribed in Section 5.2(c) above.

"Stock Pledge Financing Statement" has the meaning ascribed in Section 5.2(c) above.

"Subsidiary" means, as to any Person, a corporation, partnership or other entity of which shares of stock or other ownership interests having ordinary voting power (other than stock or such other ownership interests having such power only by reason of the happening of a contingency) to elect a majority of the board of directors or other managers of such corporation, partnership or other entity, or the management of which is otherwise controlled, directly or indirectly through one or more intermediaries, or both, by such Person.

ARTICLE II

SPECIAL REPRESENTATIONS AND WARRANTIES WITH RESPECT TO THIS FIRST AMENDMENT

In order to induce Banks and Agent to enter into this First Amendment, Borrower represents and warrants to Banks that:

1. Borrower Authorization. Borrower is duly authorized to execute, deliver and perform its obligations under this First Amendment and is and will continue to be duly authorized to borrow monies under and to perform its obligations under the Fifth Amended and Restated Credit Agreement, as amended by this First Amendment and as it may be further amended from time to time.

2. Enforceability Against Borrower. This First Amendment shall, upon execution and delivery, constitute the legal, valid and binding obligation of Borrower, enforceable in accordance with its terms.

3. Dolphin Companies Authorization. Each of the Dolphin Companies is duly authorized to execute, deliver and perform its obligations under any Dolphin Security Instrument to which it is a party.

4. Enforceability Against Dolphin Companies. Upon execution and delivery, each Dolphin Security Instrument shall constitute the legal, valid and binding obligation of the Dolphin Company which is a party thereto, enforceable against such Dolphin Company in accordance with its terms.

5. No Conflicts. The execution and delivery of the Dolphin Security Instruments and the performance by each of the Dolphin Companies of their respective obligations thereunder do not and will not conflict with any provision of law or of the charter or by-laws of such Dolphin Company or of any agreement binding upon such Dolphin Company, as the case may be.

ARTICLE III

CONDITIONS PRECEDENT TO EFFECTIVENESS OF THIS FIRST AMENDMENT

This First Amendment shall become effective as of the date first above written when and only when (i) Agent shall have received at the offices of Agent, a counterpart of this First Amendment executed and delivered by Borrower, the Dolphin Companies, and Banks and (ii) Agent shall have additionally received all of the following documents, each document (unless otherwise indicated) being dated the date of receipt thereof by Agent, duly authorized, executed and delivered, and in form and substance satisfactory to Agent and each of the Banks:

(a) Borrower's Resolutions. Copies, duly certified by the Secretary or Assistant Secretary of Borrower, of the resolutions of Borrower's Board of Directors authorizing the borrowings under the Fifth Amended and Restated Credit Agreement, as amended hereby, and the execution and delivery of this First Amendment and the Notes.

(b) Term Notes. Borrower's duly executed Term Notes payable to the order of Banks, in the form attached as Exhibits "B" and "C" hereto, with appropriate insertions.

(c) Borrower Incumbency Certificate. Certificates of Borrower's Secretary or Assistant Secretary, substantially in the form of Exhibit "I" to the Fifth Amended and Restated Credit Agreement, certifying the names of the officers of Borrower authorized to execute the Loan Documents, and all other documents or certificates to be delivered hereunder by Borrower, together with the true signatures of such officers.

(d) Dolphin Companies' Resolutions. Copies, duly certified by the Secretary or Assistant Secretary of each of the Dolphin Companies, of the resolutions of the respective Dolphin Companies' Boards of Directors, authorizing the execution and delivery of this Agreement and the Dolphin Security Instruments.

(e) Dolphin Companies' Incumbency Certificates. Certificate of the Secretaries or Assistant Secretaries of each of the Dolphin Companies, substantially in the form of

Exhibit "A" to this First Amendment, certifying the names of the officers of each Dolphin Company authorized to execute this Agreement and the Dolphin Security Instruments, and all other documents or certificates to be delivered hereunder by the Dolphin Companies, together with true signatures of such officers.

(f) Title Insurance. Mortgagee's title insurance commitments issued by Lawyers Title Insurance Corporation to First NBC, as Agent for Banks, in form and substance satisfactory to Banks and containing such endorsements as are required by Banks and, with respect to the Dolphin Sales Property, with coverage in the amount of \$250,000 and with respect to the Dolphin Services Property, with coverage in the amount of \$1,750,000.

(g) Environmental Report. A Phase I environmental report prepared by Walk, Haydel & Associates, Inc., dated December, 1996, certified to each Bank, reporting the current environmental condition of the Dolphin Sales Property and the Dolphin Services Property.

(h) Dolphin Security Instruments. Duly authorized and executed originals of each of the Dolphin Security Instruments.

(i) Lien Searches. Uniform Commercial Code and chattel mortgage searches in the name of Borrower and each Dolphin Company which confirm that the Liens granted to Banks by Borrower and the Dolphin Companies are first priority liens.

(j) Delivery of Stock Certificates. The stock certificates, registered in Borrower's name and subject to no transfer or pledge restrictions, representing the shares pledged to Banks pursuant to the Stock Pledge, together with blank stock powers executed by Borrower and in form and substance acceptable to Banks.

(k) Proof of Flood Insurance. Proof, in form and substance acceptable to Banks, that Dolphin Sales and Dolphin Services maintain all flood insurance with respect to the Dolphin Real Estate which they are legally required to maintain as a condition to the use of such Dolphin Real Estate to collateralize their respective Dolphin Guaranties, the Notes, and Borrower's other Obligations to Banks.

ARTICLE IV

MISCELLANEOUS

1. Definitions. All terms used herein with initial capital letters and not otherwise defined herein shall have the meanings ascribed to such terms in the Fifth Amended and Restated Credit Agreement.

2. No Other Changes. The Fifth Amended and Restated Credit Agreement as hereby amended is hereby ratified and confirmed in all respects. Any reference to the Fifth Amended and Restated Credit Agreement in any Loan Document shall be deemed to refer to the Fifth Amended and Restated Credit Agreement as amended hereby. Any reference to the Term Notes in any Loan Document shall be deemed to refer to the Term Notes executed of even date herewith in the forms of Exhibits "B" and "C" attached hereto. The execution, delivery and effectiveness of this First Amendment shall not, except as expressly provided herein, operate as a waiver of any right, power or remedy of Banks under the Fifth Amended and Restated Credit Agreement or any other Loan Document. Except as amended by this First Amendment, the Fifth Amended and Restated Credit Agreement shall remain in full force and effect. Nothing contained herein or in any other documents contemplated hereby shall be considered a novation or discharge of the debt of Borrower to Banks under the Fifth Amended and Restated Credit Agreement.

3. Ratification of Notes and Liens. Borrower does hereby ratify, reaffirm and acknowledge its obligations under the Revolving Notes, and Borrower does hereby further ratify, reaffirm and acknowledge its mortgage, pledge and/or assignment of, and/or grant of a security interest in, all Collateral heretofore provided by Borrower as security for the Notes and the other Obligations under the Fifth Amended and Restated Credit Agreement. Borrower does hereby further ratify, confirm and acknowledge to Agent and Banks that: (a) the mortgage, pledge and/or assignment of, and/or grant of a security interest in, all

such Collateral is and shall remain in full force and effect; (b) the Collateral Documents to which Borrower is a party are and shall continue to be valid, binding and enforceable obligations of Borrower; and (c) the Collateral Documents and the Collateral shall continue to secure, with retroactive priority to the extent permitted by law, the Notes and the other Obligations of Borrower as continued pursuant to the Revolving Notes and as renewed, rearranged, extended and now evidenced by, and as the amount thereof has been increased by, the Term Notes executed of even date herewith in the forms attached hereto as Exhibits "B" and "C".

4. Substitution and Addition of Exhibits and Schedule. Exhibits "B" and "C" of the Fifth Amended and Restated Credit Agreement are hereby deleted, and Exhibits "B" and "C" attached hereto are hereby substituted in place thereof. New Exhibits "L" (describing the Dolphin Sales Real Estate) and "M" (describing the Dolphin Services Real Estate) are hereby added to the Fifth Amended and Restated Credit Agreement. Schedule 1 of the Fifth Amended and Restated Credit Agreement is hereby deleted, and Schedule 1 attached hereto is hereby substituted in place thereof.

5. Counterparts. This First Amendment may be executed in as many counterparts as may be deemed necessary or convenient, and by the different parties hereto in separate counterparts, each of which, when so executed, shall be deemed an original, but all of which counterparts shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this First Amendment to be executed by their respective officers thereunto duly authorized, effective as of the date first written above.

BORROWER:

GULF ISLAND FABRICATION, INC.

By: /s/ Kerry J. Chauvin

Kerry J. Chauvin, President

BANKS:

FIRST NATIONAL BANK OF COMMERCE

By: /s/ J. Charles Freel, Jr.

J. Charles Freel, Jr.,
Vice President

WHITNEY NATIONAL BANK

By: /s/ Harry C. Stahel

Harry C. Stahel,
Senior Vice President

AGENT:

FIRST NATIONAL BANK OF COMMERCE

By: /s/ J. Charles Freel, Jr.

J. Charles Freel, Jr.,
Vice President

INTERVENTION

NOW INTO THESE PRESENTS COMES Dolphin Sales & Rentals, Inc., Dolphin Steel Sales, Inc., and Dolphin Services, Inc., who hereby bind themselves in solido with each other and with Borrower with respect to all representations and warranties contained Article I, Section 8 and Article II, Sections 3, 4, and 5 of this First Amendment to Fifth Amended and Restated Credit

Agreement and who, in order to induce Banks to enter into this First Amendment to Fifth Amended and Restated Credit Agreement, agree to execute and deliver to Banks the Dolphin Security Instruments as defined herein.

DOLPHIN SALES & RENTALS, INC.

By: /s/ Kerry J. Chauvin

Kerry J. Chauvin, President

DOLPHIN STEEL SALES, INC.

By: /s/ Kerry J. Chauvin

Kerry J. Chauvin, President

DOLPHIN SERVICES, INC.

By: /s/ Kerry J. Chauvin

Kerry J. Chauvin, President

ACKNOWLEDGMENT

STATE OF LOUISIANA

PARISH OF ORLEANS

BE IT KNOWN, that on this 2nd day of January, 1997, before me, the undersigned authority, duly commissioned, qualified and sworn within and for the State and Parish aforesaid, personally came and appeared KERRY J. CHAUVIN, appearing herein in his capacity as President of Gulf Island Fabrication, Inc., to me personally known to be the identical person whose name is subscribed to the foregoing First Amendment to Fifth Amended and Restated Revolving Credit and Term Loan Agreement, who declared and acknowledged to me, Notary, in the presence of the undersigned competent witnesses, that he executed the same on behalf of said corporation with full authority of its Board of Directors, and that the same instrument is the free act and deed of the said corporation and was executed for the uses, purposes and benefits therein expressed.

WITNESSES:

/s/ Patsy G. Holwadel

/s/ Kerry J. Chauvin

KERRY J. CHAUVIN

/s/ Scott D. Morgan

/s/ F. Rivers Lelong, Jr.

NOTARY PUBLIC

ACKNOWLEDGMENT

STATE OF LOUISIANA

PARISH OF ORLEANS

BE IT KNOWN, that on this 2nd day of January, 1997, before me, the undersigned authority, duly commissioned, qualified and

sworn within and for the State and Parish aforesaid, personally came and appeared J. CHARLES FREEL, JR., appearing herein in his capacity as Vice President of First National Bank of Commerce, to me personally known to be the identical person whose name is subscribed to the foregoing First Amendment to Fifth Amended and Restated Revolving Credit and Term Loan Agreement, who declared and acknowledged to me, Notary, in the presence of the undersigned competent witnesses, that he executed the same on behalf of said national banking association, appearing in said agreement in its individual capacity and its capacity as Agent, with full authority of its Board of Directors, and that the same instrument is the free act and deed of the said national bank association and was executed for the uses, purposes and benefits therein expressed.

WITNESSES:

/s/ Patsy G. Holwadel

/s/ J. Charles Freel, Jr.

J. CHARLES FREEL, JR.

/s/ Scott D. Morgan

/s/ F. Rivers Lelong, Jr.

NOTARY PUBLIC

ACKNOWLEDGMENT

STATE OF LOUISIANA

PARISH OF ORLEANS

BE IT KNOWN, that on this 2nd day of January, 1997, before me, the undersigned authority, duly commissioned, qualified and sworn within and for the State and Parish aforesaid, personally came and appeared HARRY C. STAHEL, appearing herein in his capacity as Senior Vice President of Whitney National Bank, to me personally known to be the identical person whose name is subscribed to the foregoing First Amendment to Fifth Amended and Restated Revolving Credit and Term Loan Agreement, who declared and acknowledged to me, Notary, in the presence of the undersigned competent witnesses, that he executed the same on behalf of said national banking association, appearing in said agreement in its individual capacity, with full authority of its Board of Directors, and that the same instrument is the free act and deed of the said national bank association and was executed for the uses, purposes and benefits therein expressed.

WITNESSES:

/s/ Patsy G. Holwadel

/s/ Harry C. Stahel

HARRY C. STAHEL

/s/ Scott D. Morgan

/s/ F. Rivers Lelong, Jr.

NOTARY PUBLIC

ACKNOWLEDGMENT

STATE OF LOUISIANA

PARISH OF ORLEANS

BE IT KNOWN, that on this 2nd day of January, 1997, before me, the undersigned authority, duly commissioned, qualified and sworn within and for the State and Parish aforesaid, personally came and appeared KERRY J. CHAUVIN, appearing herein in his capacity as President of Dolphin Sales & Rentals, Inc., to me personally known to be the identical person whose name is subscribed to the foregoing First Amendment to Fifth Amended and Restated Revolving Credit and Term Loan Agreement, who declared and acknowledged to me, Notary, in the presence of the undersigned competent witnesses, that he executed the same on behalf of said corporation with full authority of its Board of Directors, and that the same instrument is the free act and deed of the said corporation and was executed for the uses, purposes and benefits therein expressed.

WITNESSES:

/s/ Patsy G. Holwadel

/s/ Kerry J. Chauvin

KERRY J. CHAUVIN

/s/ Scott D. Morgan

/s/ F. Rivers Lelong, Jr.

NOTARY PUBLIC

ACKNOWLEDGMENT

STATE OF LOUISIANA

PARISH OF ORLEANS

BE IT KNOWN, that on this 2nd day of January, 1997, before me, the undersigned authority, duly commissioned, qualified and sworn within and for the State and Parish aforesaid, personally came and appeared KERRY J. CHAUVIN, appearing herein in his capacity as President of Dolphin Steel Sales, Inc., to me personally known to be the identical person whose name is subscribed to the foregoing First Amendment to Fifth Amended and Restated Revolving Credit and Term Loan Agreement, who declared and acknowledged to me, Notary, in the presence of the undersigned competent witnesses, that he executed the same on behalf of said corporation with full authority of its Board of Directors, and that the same instrument is the free act and deed of the said corporation and was executed for the uses, purposes and benefits therein expressed.

WITNESSES:

/s/ Patsy G. Holwadel

/s/ Kerry J. Chauvin

KERRY J. CHAUVIN

/s/ Scott D. Morgan

/s/ F. Rivers Lelong, Jr.

NOTARY PUBLIC

ACKNOWLEDGMENT

STATE OF LOUISIANA

PARISH OF ORLEANS

BE IT KNOWN, that on this 2nd day of January, 1997, before me, the undersigned authority, duly commissioned, qualified and sworn within and for the State and Parish aforesaid, personally came and appeared KERRY J. CHAUVIN, appearing herein in his capacity as President of Dolphin Services, Inc., to me personally known to be the identical person whose name is subscribed to the foregoing First Amendment to Fifth Amended and Restated Revolving Credit and Term Loan Agreement, who declared and acknowledged to me, Notary, in the presence of the undersigned competent witnesses, that he executed the same on behalf of said corporation with full authority of its Board of Directors, and that the same instrument is the free act and deed of the said corporation and was executed for the uses, purposes and benefits therein expressed.

WITNESSES:

/s/ Patsy G. Holwadel

/s/ Kerry J. Chauvin

KERRY J. CHAUVIN

/s/ Scott D. Morgan

/s/ F. Rivers Lelong, Jr.

NOTARY PUBLIC

FIRST AMENDMENT TO
FIFTH AMENDED AND RESTATED REVOLVING
CREDIT AND TERM LOAN AGREEMENT

THIS FIRST AMENDMENT TO FIFTH AMENDED AND RESTATED REVOLVING CREDIT AND TERM LOAN AGREEMENT (this "First Amendment"), dated effective as of the 2nd day of January, 1997, by and among GULF ISLAND FABRICATION, INC., a Louisiana corporation ("Borrower"), WHITNEY NATIONAL BANK, a national banking association ("Whitney"), FIRST NATIONAL BANK OF COMMERCE, a national banking association, in its individual capacity ("First NBC") (each of Whitney and First NBC being sometimes referred to individually as a "Bank" and collectively as the "Banks"), and FIRST NATIONAL BANK OF COMMERCE, a national banking association, in its capacity as agent for the Banks as set forth hereinafter (the "Agent").

W I T N E S S E T H:

WHEREAS, Borrower and First NBC entered into that certain Revolving Credit and Term Loan Agreement dated December 17, 1986 (the "Original Loan Agreement");

WHEREAS, Borrower and First NBC entered into that certain First Amendment to Revolving Credit and Term Loan Agreement dated as of November 3, 1987 (the "First Loan Agreement Amendment"), whereby Borrower and First NBC amended certain terms and conditions of the Original Loan Agreement;

WHEREAS, Borrower and First NBC entered into that certain Second Amendment to Revolving Credit and Term Loan Agreement, dated effective as of December 21, 1987 (the "Second Loan Agreement Amendment"), whereby Borrower and First NBC further amended certain terms and conditions of the Original Loan Agreement;

WHEREAS, Borrower and First NBC entered into that certain Third Amendment to Revolving Credit and Term Loan Agreement dated effective as of September 13, 1988 (the "Third Loan Agreement Amendment"), whereby Borrower and First NBC further amended certain terms and conditions of the Original Loan Agreement (the Original Loan Agreement as amended by the First Loan Agreement Amendment, the Second Loan Agreement Amendment and the Third Loan Agreement Amendment, the "Loan Agreement");

WHEREAS, Borrower and First NBC entered into that certain First Amended and Restated Revolving Credit and Term Loan Agreement dated July 27, 1989, whereby Borrower and First NBC further amended certain terms and conditions of the Loan Agreement and restated the Loan Agreement in its entirety (the "First Amended and Restated Loan Agreement");

WHEREAS, Borrower and First NBC entered into that certain Second Amended and Restated Revolving Credit and Term Loan Agreement dated effective as of March 1, 1990, to set forth further changes in their understanding concerning certain terms and conditions of the loan made pursuant to the First Amended and Restated Loan Agreement and to restate the same in its entirety (the "Second Amended and Restated Loan Agreement");

WHEREAS, pursuant to the terms of that certain Partial Assignment of Notes and Security Therefor, dated October 29, 1991 (as amended or modified from time to time, the "Assignment"), First NBC assigned to Whitney an undivided one-half (1/2) interest in and to the Second Amended and Restated Loan Agreement, all notes executed by Borrower payable to the order of First NBC pursuant to the Second Amended and Restated Loan Agreement and all security for the repayment of such notes, as described in the Second Amended and Restated Loan Agreement;

WHEREAS, as a result of the Assignment, each Bank acquired an undivided one-half (1/2) interest in and to the Second Amended and Restated Loan Agreement and all rights and obligations described therein or emanating therefrom;

WHEREAS, Borrower, Banks and Agent entered into that certain Third Amended and Restated Revolving Credit and Term Loan Agreement, dated effective as of October 29, 1991 (the "Third Amended and Restated Loan Agreement"), whereby Borrower, Banks and Agent amended and restated the Second Amended and Restated

Loan Agreement in order to reflect more fully the agreement among the parties regarding the continuation of the loans made pursuant thereto;

WHEREAS, Borrower, Banks and Agent entered into that certain First Amendment to Third Amended and Restated Revolving Credit and Term Loan Agreement (the "Third Amended and Restated Loan Agreement Amendment"), whereby Borrower, Banks and Agent amended certain terms and conditions of the Third Amended and Restated Loan Agreement;

WHEREAS, Borrower, Banks and Agent entered into that certain Fourth Amended and Restated Revolving Credit Agreement, dated effective as of February 25, 1993 (the "Fourth Amended and Restated Credit Agreement"), whereby Borrower, Banks and Agent amended and restated the Third Amended and Restated Loan Agreement, as amended by the Third Amended and Restated Loan Agreement Amendment, in order to reflect more fully the agreement among the parties regarding the continuation of the loans made pursuant thereto;

WHEREAS, Borrower, Banks and Agent entered into four subsequent amendments to the Fourth Amended and Restated Revolving Credit Agreement, dated respectively effective as of February 25, 1993, April 20, 1994, June 26, 1995 and May 1, 1996 (collectively, the "Amendments to the Fourth Amended and Restated Credit Agreement");

WHEREAS, Borrower, Banks and Agent entered into that certain Fifth Amended and Restated Revolving Credit and Term Loan Agreement, dated effective as of October 24, 1996 (the "Fifth Amended and Restated Credit Agreement"), whereby Borrower, Banks and Agent amended and restated the Fourth Amended and Restated Loan Agreement, as previously amended by the Amendments to the Fourth Amended and Restated Credit Agreement, and added a \$10,000,000 term loan facility;

WHEREAS, Borrower, Banks and Agent desire to amend the Fifth Amended and Restated Credit Agreement to increase the term loan facility by \$5,000,000, to permit Borrower to acquire Dolphin Services, Inc., Dolphin Steel Sales, Inc., and Dolphin Sales & Rentals, Inc., and to extend the maturity date of the Term Credit Facility under the Fifth Amended and Restated Credit Agreement;

NOW, THEREFORE, for and in consideration of the mutual covenants, agreements and undertakings herein contained, Banks, Agent and Borrower hereby agree as follows:

ARTICLE I

AMENDMENTS TO FIFTH AMENDED AND RESTATED CREDIT AGREEMENT

1. Section 1. Section 1 of the Fifth Amended and Restated Credit Agreement is hereby amended by deleting the amount "TWENTY-TWO MILLION AND NO/100 DOLLARS (\$22,000,000.00)" from the final sentence thereof and inserting in its place the amount "TWENTY-SEVEN MILLION AND NO/100 DOLLARS (\$27,000,000.00)".

2. Section 1.1. Section 1.1 of the Fifth Amended and Restated Credit Agreement is hereby amended in its entirety to state:

1.1 Term Credit Facility. Banks shall make available to Borrower a non-revolving line of credit in the maximum aggregate principal amount of FIFTEEN MILLION AND NO/100 DOLLARS (\$15,000,000.00) (the "Non-Revolving Line of Credit"), which Non-Revolving Line of Credit may be drawn upon by Borrower on any Business Day of Banks during the period from the date hereof until and including June 30, 1997, or such earlier date as may be fixed by Borrower on at least one (1) Business Day's telephonic notice to Agent, to be confirmed in writing by Borrower, in the form of actual fundings to Borrower by Banks in such amounts as Borrower may from time to time request (each such funding being hereinafter referred to individually as a "Non-Revolving Advance" and collectively as the "Non-Revolving Advances"), so long as the aggregate principal amount of all outstanding Non-Revolving Advances at any one time does not

exceed the Non-Revolving Commitment. On July 1, 1997, all of Banks' obligations to make Non-Revolving Advances on the Non-Revolving Line of Credit shall cease, and shall automatically, without the necessity of any further act on the part of Banks, Agent or Borrower, convert to a term loan in a principal amount equal to the aggregate amount of all Non-Revolving Advances made by Banks to Borrower during the period from October 24, 1996 until and including June 30, 1997. All Non-Revolving Advances repaid on the Non-Revolving Line of Credit shall not be reborrowed but shall reduce the Non-Revolving Commitment on a dollar-for-dollar basis. The credit facility described in this Section 1.1 is hereinafter referred to as the "Term Credit Facility".

3. Section 2.1. Section 2.1 of the Fifth Amended and Restated Credit Agreement is hereby amended in its entirety to state:

2.1 Term Notes. The Non-Revolving Advances shall be evidenced by two (2) promissory notes of Borrower payable to the order of First NBC and Whitney, respectively, each in the original principal amount of SEVEN MILLION FIVE HUNDRED THOUSAND AND NO/100 DOLLARS (\$7,500,000.00) and in the forms set forth as Exhibits "B" and "C" to this Agreement (each such note, together with any and all renewals, modifications, extensions, amendments, supplements and/or substitutions therefor, being sometimes referred to herein individually as a "Term Note" and collectively as the "Term Notes"), with appropriate insertions, each of which shall be dated January 2, 1997 and shall be payable in full on June 30, 2004. All Non-Revolving Advances made by Banks to Borrower pursuant to this Agreement and all payments of principal shall be recorded by Banks on the schedule attached to each Term Note, but Banks' failure to record or to record correctly such Non-Revolving Advances shall in no way affect Borrower's obligation to repay same. Each Term Note shall provide for quarterly installments of principal commencing September 30, 1997, each in an amount equal to one-twenty-eighth (1/28th) of the aggregate amount of all Non-Revolving Advances made by Banks to Borrower during the period from October 24, 1996 through and including June 30, 1997.

4. Section 3.1. The penultimate sentence of Section 3.1 of the Fifth Amended and Restated Credit Agreement is hereby amended by replacing "December 31, 1996 and March 31, 1996" with the phrase "December 31, 1996, March 31, 1997, and June 30, 1997".

5. Section 5.1. New Sections 5.1(c) and 5.1(d) are hereby added to the Fifth Amended and Restated Credit Agreement to state:

(c) As of January 2, 1997, Borrower has granted to First NBC, as Agent for Banks, as security for the Notes and other Obligations, a first priority security interest in all capital stock of Dolphin Sales & Rentals, Inc. ("Dolphin Sales"), Dolphin Steel Sales, Inc. ("Dolphin Steel"), and Dolphin Services, Inc. ("Dolphin Services"), as evidenced by (i) that certain Commercial Pledge and Security Agreement, dated January 2, 1997, by Borrower, as pledgor, in favor of First NBC, as Agent for Banks, as pledgee (the "Stock Pledge") and (ii) that certain UCC-1 Financing Statement by Borrower (the "Stock Pledge Financing Statement"). Dolphin Sales, Dolphin Steel, and Dolphin Services shall be referred to collectively as the "Dolphin Companies", and each such company may be referred to generically as a "Dolphin Company".

(d) As of January 2, 1997, Borrower has caused the Dolphin Companies to guarantee the Notes and Borrower's other Obligations to Banks and to grant mortgages on their respective immovable properties (collectively, the "Dolphin Real Estate") and a security interest in their respective Equipment and Fixtures as security for

the aforesaid guaranties and as direct security for the Notes and Borrower's other Obligations to Banks, as evidenced by:

- (i) That certain Commercial Guaranty by Dolphin Sales, dated January 2, 1997, in favor of First NBC, as Agent for Banks, which secures the Notes and Borrower's other Obligations to Banks (the "Dolphin Sales Guaranty");
- (ii) That certain Commercial Guaranty by Dolphin Steel, dated January 2, 1997, in favor of First NBC, as Agent for Banks, which secures the Notes and Borrower's other Obligations to Banks (the "Dolphin Steel Guaranty");
- (iii) That certain Commercial Guaranty by Dolphin Services, dated January 2, 1997, in favor of First NBC, as Agent for Banks, which secures the Notes and Borrower's other Obligations to Banks (the "Dolphin Services Guaranty");
- (iv) That certain Collateral Mortgage Note by Dolphin Sales, dated January 2, 1997, in the principal sum of \$3,000,000.00, bearing interest at the rate of eighteen percent (18%) per annum, from date until paid, and payable to the order of Bearer (the "Dolphin Sales Note");
- (v) That certain Collateral Mortgage by Dolphin Sales, dated January 2, 1997, in favor of First NBC, as Agent for Banks, and any and all future holders, which mortgage encumbers Dolphin Sales' immovable property in Terrebonne Parish, Louisiana more fully described on Exhibit "L" to this Agreement (the "Dolphin Sales Real Estate") and secures the Dolphin Sales Note (the "Dolphin Sales Mortgage");
- (vi) That certain Pledge of Collateral Mortgage Note, dated January 2, 1997, by Dolphin Sales to First NBC, as Agent for Banks, with respect to the Dolphin Sales Note, which secures the Notes, Borrower's other Obligations to Banks, and the Dolphin Sales Guaranty (the "Dolphin Sales Pledge");
- (vii) That certain Collateral Mortgage Note by Dolphin Services, dated January 2, 1997, in the principal sum of \$3,000,000.00, bearing interest at the rate of eighteen percent (18%) per annum, from date until paid, and payable to the order of Bearer (the "Dolphin Services Note");
- (viii) That certain Collateral Mortgage by Dolphin Services, dated January 2, 1997, in favor of First NBC, as Agent for Banks, and any and all future holders, which mortgage encumbers Dolphin Services' immovable property in Terrebonne Parish, Louisiana more fully described on Exhibit "M" to this Agreement (the "Dolphin Services Real Estate") and secures the Dolphin Services Note (the "Dolphin Services Mortgage");
- (ix) That certain Pledge of Collateral Mortgage Note, dated January 2, 1997, by Dolphin Services to First NBC, as Agent for Banks, with respect to the Dolphin Services Note, which secures the Notes, Borrower's other Obligations to Banks, and the Dolphin Services Guaranty (the "Dolphin Services Pledge");
- (x) That certain Commercial Security Agreement, dated January 2, 1997, by Dolphin Sales, as grantor, in favor of First NBC, as Agent for Banks, creating a security interest in Dolphin Sales' Equipment and Fixtures, as security for the Notes, Borrower's other Obligations to Banks, and the Dolphin Sales

Guaranty (the "Dolphin Sales Security Agreement");

- (xi) A UCC-1 Financing Statement executed by Dolphin Sales in connection with the Dolphin Sales Security Agreement;
- (xii) That certain Commercial Security Agreement, dated January 2, 1997, by Dolphin Steel, as grantor, in favor of First NBC, as Agent for Banks, creating a security interest in Dolphin Steel's Equipment and Fixtures, as security for the Notes, Borrower's other Obligations to Banks, and the Dolphin Steel Guaranty (the "Dolphin Steel Security Agreement");
- (xiii) A UCC-1 Financing Statement executed by Dolphin Steel in connection with the Dolphin Steel Security Agreement;
- (xiv) That certain Commercial Security Agreement, dated January 2, 1997, by Dolphin Services, as grantor, in favor of First NBC, as Agent for Banks, creating a security interest in Dolphin Services' Equipment and Fixtures, as security for the Notes, Borrower's other Obligations to Banks, and the Dolphin Services Guaranty (the "Dolphin Services Security Agreement"); and
- (xv) A UCC-1 Financing Statement executed by Dolphin Services in connection with the Dolphin Services Security Agreement.

6. Section 6. Section 6 of the Fifth Amended and Restated Credit Agreement is hereby amended in its entirety to state:

Section 6. Representations and Warranties of Borrower.

Borrower represents and warrants to Banks and Agent that:

6.1 Corporate Existence. Each of Borrower and its Subsidiaries is a corporation duly organized, validly existing and in good standing under the laws of the State of Louisiana; and each of Borrower and its Subsidiaries has all necessary corporate power and authority to acquire, own and hold the property and all other properties it purports to own and hold and to carry on its business as now conducted.

6.2 Authorization; Validity. Each of Borrower and its Subsidiaries is and/or has been duly authorized to execute and deliver this Agreement and all other Loan Documents to which such Borrower or Subsidiary is a party and to perform its obligations under this Agreement and all other Loan Documents to which such Borrower or Subsidiary is a party. Borrower is duly authorized and will continue to be duly authorized to borrow money hereunder. Each of this Agreement and the other Loan Documents to which Borrower or one of its Subsidiaries is a party, as executed and delivered, constitutes the legal, valid and binding obligation of Borrower and/or such Subsidiary, enforceable in accordance with the respective terms thereof.

6.3 No Conflicts. The execution and delivery of the Loan Documents and the performance by each of Borrower and its Subsidiaries of its obligations thereunder do not and will not conflict with any provision of law or of the charter or by-laws of Borrower or such Subsidiary or of any agreement binding upon Borrower or such Subsidiary, as the case may be.

6.4 Financial Statements. Borrower's audited financial statement as of December 31, 1995, a copy of which has been furnished to Banks, has been prepared in conformity with GAAP applied on a basis consistent with that of the preceding fiscal year and period, presents fairly the financial condition of Borrower as of such date and the results of its operations for the periods then ended. Borrower's unaudited financial statement as of September 30, 1996, a copy of which has been previously furnished to Banks, except for the absence

of footnotes normally associated with financial statements prepared in accordance with GAAP, has been prepared in conformity with GAAP and presents fairly the financial condition of Borrower as of such date and the results of its operations for the periods then ended. Since December 31, 1995, there has been no material adverse change in Borrower's financial condition. Since December 31, 1996, there has been no material adverse change in the financial condition of any of Borrower's Subsidiaries.

6.5 Litigation. To the best of Borrower's knowledge, after due inquiry, no litigation or governmental proceedings are pending or threatened against Borrower or any of its Subsidiaries, the results of which might materially affect Borrower's or such Subsidiary's financial condition or operations, except those referred to in a schedule furnished contemporaneously herewith and attached hereto as Schedule 1. Other than any liability incident to such litigation or proceedings or provided for or disclosed in the financial statements referred to in Section 6.4, Borrower does not have any material contingent liabilities. No Subsidiary has any material contingent liability other than those imposed by the Dolphin Guaranties and the other Dolphin Security Instruments.

6.6 Liens. None of the assets of Borrower or any of its Subsidiaries with a net book value of greater than \$25,000.00 is subject to any Lien, except for the Liens created pursuant to the Collateral Documents and Permitted Liens.

6.7 Subsidiaries. Borrower has no Subsidiaries other than the Dolphin Companies, and no Dolphin Company has any Subsidiaries.

6.8 Purpose. The proceeds of the Revolving Credit Facility shall be used by Borrower only for the support of working capital and for other general corporate purposes. The proceeds of the Term Credit Facility shall be used by Borrower only to make capital improvements to the Real Property, to acquire additional Equipment to be located on the Real Property or on the Dolphin Real Estate, and to fund Borrower's acquisition of the Dolphin Companies.

6.9 Use of Proceeds; Margin Securities. Borrower is not engaged in the business of purchasing or selling margin stock (as defined in Regulation U of the Board of Governors of the Federal Reserve System) or extending credit to others for the purpose of purchasing or carrying margin stock and, without limiting the generality of Section 6.8 hereof, no part of the proceeds of any borrowing hereunder will be used to purchase or carry any margin stock or for any other purpose which would violate any of the margin regulations of such Board of Governors.

6.10 Compliance with ERISA. Each of Borrower and its Subsidiaries is in compliance with all statutes and governmental rules and regulations applicable to it, including, without limitation, the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). No condition exists or event or transaction has occurred in connection with any plan, as defined in Sections 3(3) and 3(37) of ERISA, maintained by Borrower or any of its Subsidiaries (any such plan being hereinafter called the "Plan"), which could result in Borrower's or such Subsidiary's incurring any material liability, fine or penalty. No Reportable Event (as defined in ERISA) has occurred with respect to any such Plan. Neither Borrower nor any of its Subsidiaries has withdrawn from any such Plan or initiated steps to do so and no steps have been taken to terminate any such Plan.

6.11 Consents. No consent, approval or authorization of, or registration or declaration with, any federal or state governmental authority or other regulatory agent for the validity of the execution and delivery or for the performance by Borrower or any of its Subsidiaries of the Loan Documents is required.

6.12 Tax Returns. Each of Borrower and its

Subsidiaries has filed all tax returns which are required to be filed by any jurisdiction, and has paid all taxes which have become due pursuant to said returns or pursuant to any assessments.

6.13 Ownership of Borrower and Subsidiaries. No less than forty-five percent (45%) of the issued and outstanding stock of Borrower is owned by the Labordes and no less than forty-five percent (45%) of the issued and outstanding stock of Borrower is owned by the Wilsons. Borrower owns one hundred percent (100%) of the issued and outstanding stock of each Dolphin Company.

6.14 Operation of Business. Each of Borrower and its Subsidiaries possesses all licenses, permits, franchises, patents, copyrights, trademarks and trade names, or rights thereto, to conduct its business substantially as now conducted and as presently proposed to be conducted, and neither Borrower nor any of its Subsidiaries is in violation of any valid rights of others with respect to any of the foregoing.

6.15 Rights in Properties; Liens. Each of Borrower and its Subsidiaries has good and indefeasible title to its properties and assets, real and personal, including the properties and assets reflected in the financial statements described in Section 6.4 hereof, and none of the properties, assets or leasehold interests of Borrower or any Subsidiary is subject to any Lien, except as permitted by Section 7.11 hereof.

6.16 Debt. Borrower has no Debt, except as disclosed in the financial statements described in Section 6.4 hereof and as otherwise permitted by this Agreement. No Subsidiary of Borrower has any Debt except as owed to Borrower or as otherwise permitted by this Agreement.

6.17 Disclosure. No statement, information, report, representation or warranty made by Borrower or any of its Subsidiaries in this Agreement or in any of the other Loan Documents or furnished by Borrower or any of its Subsidiaries to Banks or Agent in connection with the negotiation or preparation of this Agreement, or any amendment hereto, contains any untrue statement of a material fact or omits to state any material fact necessary to make the statements herein or therein not misleading. There is no fact known to Borrower or to any of its Subsidiaries that has not been disclosed in writing to Banks which has a material adverse effect, or which might in the future have a material adverse effect, on the business, assets, financial condition or operations of Borrower, any of its Subsidiaries or on the Collateral.

6.18 Registered Office; Principal Place of Business; Location of Collateral. The principal place of business, chief executive office and registered office of Borrower and the place where Borrower keeps its books and records and all Collateral is located on the Real Property. The principal place of business, chief executive office and registered office of each of the Dolphin Companies and the place where each of the Dolphin Companies keeps its books and records and all collateral encumbered by the Dolphin Security Agreements is located in Terrebonne Parish, Louisiana (with the exception of certain collateral encumbered by the Dolphin Security Agreements which is, from time to time and in the ordinary course of the Dolphin Companies' businesses, temporarily located at job sites outside of Terrebonne Parish). Borrower has always maintained its registered office in either Terrebonne or East Baton Rouge Parish, Louisiana, and each of the Dolphin Companies has always maintained its registered office in Terrebonne Parish, Louisiana. Neither Borrower nor any of its Subsidiaries does, or has ever done, any business from any location other than as set forth in this Section. No Person other than Borrower, the Dolphin Companies, Agent and Banks has possession of any of the Collateral.

6.19 Investment Company Act. Neither Borrower nor any of its Subsidiaries is an "Investment Company" within the meaning of the Investment Company Act of

1940, as amended.

6.20 Other Agreements. With the exception of construction contracts entered into by Borrower or one of its Subsidiaries in the ordinary course of Borrower's or such Subsidiary's business, neither Borrower nor any of its Subsidiaries is a party to any indenture, loan or credit agreement, or to any lease or other agreement or instrument, or subject to any charter of corporate restriction which could have a material adverse effect on the business, properties, assets, operations or conditions, financial or otherwise, of Borrower or such Subsidiary, or the ability of Borrower or such Subsidiary to pay and perform its obligations under the Loan Documents to which it is a party. Neither Borrower nor any of its Subsidiaries is in default in any respect in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in any agreement or instrument material to its business to which it is a party.

6.21 Compliance with Law. Each of Borrower and its Subsidiaries is in compliance with all laws, rules, regulations, orders and decrees which are applicable to Borrower, its Subsidiaries or any of their respective properties. Without limiting the generality of the foregoing:

- (a) Employment Matters. Each of Borrower and its Subsidiaries is in full compliance with all applicable laws, rules, regulations and governmental standards regarding employment, including, without limitation, the minimum wage and overtime provisions of the Fair Labor Standards Act, as amended (29 U.S.C. Sections 201 - 219), and the regulations promulgated thereunder.
- (b) Environmental Matters.
 - (i) Each of Borrower and its Subsidiaries and all of their respective properties, assets and operations are in full compliance with all Environmental Laws. Neither Borrower nor any of its Subsidiaries is aware of or has received notice of, any past, present or future conditions, events, activities, practices or incidents which may interfere with or prevent the compliance or continued compliance of Borrower or any of its Subsidiaries with all Environmental Laws.
 - (ii) With the exception of the permits specifically referred to in Section 7.8 hereof, each of which Borrower or its Subsidiaries shall obtain and/or file, as the case may be, in accordance with the terms of Section 7.8, each of Borrower and its Subsidiaries has obtained all permits, licenses and authorizations and has filed all plans which are required under Environmental Laws in order to conduct its business and/or own its properties and assets including without limitation all Louisiana air emission permits required under any Environmental Law in order to conduct Borrower's or such Subsidiary's business and/or own its assets or properties.
 - (iii) Each of Borrower and its Subsidiaries has on file an SPCC Plan as required under applicable Environmental Laws in connection with Borrower's storage of petroleum on the Real Property or, if applicable, in connection with a Subsidiary's storage of petroleum on its immovable property.
 - (iv) No Hazardous Substances or Solid Wastes exist on, about or within or have been used, generated, stored, transported, disposed of on, or released from any of the properties or assets of Borrower or any of its Subsidiaries except in compliance with Environmental Laws.

- (v) There is no action, suit, proceeding, investigation or inquiry before any court, administrative agency or other governmental authority pending or, to the knowledge of Borrower or any of its Subsidiaries, threatened against Borrower or any of its Subsidiaries relating in any way to any Environmental Law. Neither Borrower nor any of its Subsidiaries has (A) been notified of any liability for remedial action under any Environmental Law, (B) received any request for information by any governmental authority with respect to the condition, use or operation of any of its properties or assets, or (C) received any notice from any governmental authority or other Person with respect to any violation of or liability under any Environmental Law.

6.22 Corporate Name. The exact corporate name of Borrower as it appears in its articles of incorporation is as set forth in the introduction of this Agreement and, with the exception of doing business under the name GIFI, Inc., Borrower has never done any business in any location under any other name. The exact corporate name of each Dolphin Company as it appears in its articles of incorporation is as set forth in Section 5.1(c) of this Agreement, and no Dolphin Company has ever done any business in any location under any other name.

6.23 Collateral. The Collateral Documents create in favor of Banks, and/or Agent for the benefit of Banks, valid, enforceable and perfected Liens on the properties described therein, which Liens secure the payment and performance of the obligations of Borrower and its Subsidiaries to Banks described in the Collateral Documents, and which Liens are superior to the rights of all third Persons, whether now existing or hereafter arising.

6.24 Taxpayer I.D. Numbers. Borrower's Federal Taxpayer Identification Number is 72-1147390. Dolphin Services' Federal Taxpayer Identification Number is 72-0890896; Dolphin Sales' Federal Taxpayer Identification Number is 72-1092285; and Dolphin Steel's Federal Taxpayer Identification Number is 72-1092757.

7. Section 7. Section 7 of the Fifth Amended and Restated Credit Agreement is hereby amended in its entirety to state:

Section 7. Borrower's Covenants.

From the date of this Agreement and thereafter until the expiration or termination of the Commitments, and until the Notes and other liabilities of Borrower hereunder are paid in full and all other obligations and liabilities under the Loan Documents are performed and paid in full, Borrower agrees that it will:

7.1 Financial Statements. Furnish to Agent:

- (a) within one hundred twenty (120) days after the end of each fiscal year, a copy of Borrower's financial statements (describing assets, liabilities, and results of operations both for Borrower individually and for Borrower and its Subsidiaries on a consolidated basis), audited by independent certified public accountants of nationally recognized standing selected by Borrower and reasonably satisfactory to Banks, prepared in conformity with GAAP;
- (b) within forty-five (45) days after the end of each month, a copy of Borrower's unaudited financial statements (describing assets, liabilities, and results of operations both for Borrower individually and for Borrower and its Subsidiaries on a consolidated basis) prepared in conformity with GAAP, except for the absence of footnotes normally associated with financial statements

prepared in accordance with GAAP;

- (c) together with the financial statements furnished by Borrower under preceding clause (a), a certificate of the president or chief financial officer of Borrower to the effect that no Event of Default with respect to Borrower, or event which might mature into an Event of Default with respect to Borrower, has occurred and is continuing;
- (d) forthwith upon the occurrence of an Event of Default, a certificate of the president or chief financial officer of Borrower specifying the nature and the period of existence thereof and what action Borrower proposes to take with respect thereto;
- (e) written notice of any and all litigation affecting Borrower or any of its Subsidiaries, directly or indirectly; provided, however, this requirement shall not apply to litigation involving Borrower or one of its Subsidiaries and any other party if such litigation involves, in the aggregate, less than \$100,000.00;
- (f) prompt notice of any change in the present officers, directors and/or stockholders of Borrower or any of its Subsidiaries; and
- (g) from time to time, such other information as Banks may reasonably request.

7.2 Access. Permit access, and cause its Subsidiaries to permit access, by Banks and Agent to the books and records and other property of Borrower and its Subsidiaries during normal business hours and upon reasonable notice and permit, and cause its Subsidiaries to permit, Banks to make copies of said books and records.

7.3 Insurance. Maintain, and cause its Subsidiaries to maintain, with financially sound and reputable insurance companies workmen's compensation insurance, liability insurance and insurance on Borrower's and its Subsidiaries' property, assets and business at least to such extent and against such hazards and liabilities as is commonly maintained by similar companies and, in addition to the foregoing insurance, such insurance as may be required in the Collateral Documents. In the case of property (whether owned by Borrower or by one of its Subsidiaries) in which Banks or Agent has a Lien, Borrower shall provide, and shall cause its Subsidiaries to provide, Agent with duplicate originals or certified copies of such policies of insurance in such forms and amounts, and containing such terms and conditions, as are satisfactory to Banks, naming Banks as additional loss payees and as additional insureds as their interests may appear and providing that such policies will not be canceled without thirty (30) days' prior written notice to Banks.

7.4 Repair. Maintain, preserve and keep, and cause its Subsidiaries to maintain, preserve, and keep, Borrower's and such Subsidiaries' properties in good repair, working order and condition, and make, and cause its Subsidiaries to make, necessary and proper repairs, renewals and replacements so that Borrower's and its Subsidiaries' business carried on in connection therewith may be properly conducted at all times.

7.5 Taxes. Pay or discharge, and cause its Subsidiaries to pay and discharge, at or before maturity or before becoming delinquent (a) all taxes, levies, assessments and governmental charges imposed on Borrower or any of its Subsidiaries or its income or profits or any of its property, and (b) all lawful claims for labor, materials and supplies which, if

unpaid, might become a Lien upon any of Borrower's property or the property of any of its Subsidiaries; provided, however, that neither Borrower nor any Subsidiary shall be required to pay or discharge any tax, levy, assessment or governmental charge which is being contested in good faith by appropriate proceedings diligently pursued.

7.6 Corporate Existence. Maintain its corporate existence in good standing and cause its Subsidiaries to maintain their respective corporate existences in good standing.

7.7 Merger. Without the prior written consent of Banks, not, and cause each of its Subsidiaries not to:

- (a) be a party to any merger or consolidation (other than a merger of one or more of the Dolphin Companies into another Dolphin Company or a merger of one or more of the Dolphin Companies into Borrower, in either event followed by notice to Banks of the merger delivered within ten (10) days after the merger becomes effective);
- (b) except in the normal course of its business, sell, transfer, convey, or lease all or any substantial part of Borrower's or a Subsidiary's assets;
- (c) sell or assign, except in the normal course of Borrower's business or the business of one of its Subsidiaries, with or without recourse, any accounts receivable or chattel paper.

7.8 Compliance. Comply, and cause its Subsidiaries to comply, with all statutes, laws, ordinances, orders, rules and regulations applicable to Borrower or such Subsidiary, including, without limitation, all Environmental Laws and ERISA; provided, however, Borrower and its Subsidiaries shall be deemed to be in compliance with this requirement for such time as Borrower or one of its Subsidiaries may be contesting, in good faith and with diligence by appropriate proceedings, any alleged violation of any statute, rule or regulation. Borrower shall not permit, and shall cause each of its Subsidiaries not to permit, any condition to exist in connection with any Plan which might constitute grounds for the PBGC to institute proceedings to have such Plan terminated or a trustee appointed to administer such Plan, and Borrower shall not engage in, or permit to exist or occur, and shall cause its Subsidiaries not to engage in or permit to occur or exist, any other condition, event or transaction with respect to, any such Plan which could result in Borrower or one of its Subsidiaries incurring any material liability, fine or penalty.

Without limiting the generality of the foregoing, Borrower shall comply, and shall cause each of its Subsidiaries to comply, fully with and maintain in effect any and all environmental permits and licenses required under any Environmental Law in order to conduct Borrower's or such Subsidiary's business. To the extent such permits are required but have not been obtained, or to the extent such existing permits must be modified or renewed, Borrower shall make, and shall cause its Subsidiaries to make, timely application for and obtain all such permits, modifications or renewals thereof, as the case may be, including, but not limited to, necessary federal and/or state water discharge, air emission and waste management permits.

As often as Banks or Agent may require, Borrower shall submit to Agent written progress reports addressing the status of environmental permits and plans required of Borrower or any of its Subsidiaries, including pending permit applications. All permits required hereunder shall be obtained and/or filed, as the case may be, within six (6) months from the effective date hereof.

Anything contained herein to the contrary

notwithstanding, Borrower shall not use, or permit any of its Subsidiaries to use, any of the properties of Borrower or of one of Borrower's Subsidiaries or allow such properties to be used for the storage, treatment or disposal of Solid Waste or Hazardous Substances except in the ordinary course of Borrower's or such Subsidiary's business and in compliance with the terms or any applicable Environmental Law or permit.

7.9 Use of Proceeds. Not use or permit any proceeds of the Loans to be used, either directly or indirectly, for the purpose, whether immediate, incidental or ultimate, of "purchasing or carrying any margin stock" within the meaning of Regulation U of the Board of Governors of the Federal Reserve System, as amended from time to time, and furnish to Banks, upon either of their requests, a statement in conformity with the requirements of Federal Reserve Form U-1 referred to in Regulation U of the Board of Governors of the Federal Reserve System.

7.10 Financial Covenants. Maintain, on a consolidated basis with all of its Subsidiaries,

- (a) a ratio of current assets to current liabilities, as determined in accordance with GAAP, in excess of 1.33 to 1;
- (b) a minimum Net Worth of NINETEEN MILLION AND NO/100 DOLLARS (\$19,000,000.00) for the period commencing September 30, 1996 and ending December 31, 1997; a minimum Net Worth of TWENTY-ONE MILLION AND NO/100 DOLLARS (\$21,000,000.00) for the period January 1, 1998 through December 31, 1998, and a minimum Net Worth of TWENTY-THREE MILLION AND NO/100 DOLLARS (\$23,000,000.00) from and including January 1, 1999 and thereafter;
- (c) a ratio of Debt to Net Worth no greater than 1.1 to 1; and
- (d) a ratio of Cash Flow to Debt Service of at least 1.5 to 1, such ratio to be determined as of the end of each fiscal quarter by giving effect to such fiscal quarter and the three (3) immediately preceding fiscal quarters; provided that there shall be no Event of Default under this Section 7.10(d) unless Borrower fails to meet the ratio described in this Section 7.10(d) for three (3) successive fiscal quarters.

7.11 Liens. Not create, incur, or suffer to exist, and not permit any of Borrower's Subsidiaries to create, incur or suffer to exist, any Lien on any of Borrower's property or on the property of Borrower's Subsidiaries except ((a) through (g) of this Section being referred to collectively as the "Permitted Liens"):

- (a) those for taxes, assessments or governmental charges or levies if the same shall not at the time be delinquent or thereafter can be paid without penalty, or are being contested in good faith and by appropriate proceedings;
- (b) those imposed by law, such as carriers', warehousemen's and mechanics' liens and other similar liens arising in the ordinary course of business which secure payment of obligations not more than sixty (60) days past due;
- (c) those arising out of pledges or deposits under workmen's compensation laws, unemployment insurance, old age pensions, or other social security or retirement benefits, or similar legislation;

- (d) utility easements, building restrictions and such other encumbrances or charges against real property as are of a nature generally existing with respect to properties of a similar character and which do not in any material way affect the marketability of the same or interfere with the use thereof in the business of Borrower or of any of Borrower's Subsidiaries;
- (e) lessors' interests under financing leases;
- (f) liens on assets of Borrower and its Subsidiaries not covered by the Loan Documents which liens secure obligations of Borrower or its Subsidiaries in the ordinary course of business which in the aggregate for all such obligations of Borrower and its Subsidiaries do not exceed \$250,000.00; and
- (g) the Liens created pursuant to the Loan Documents.

7.12 Debt. Not create or permit to exist, and not allow any of Borrower's Subsidiaries to create or permit to exist, any Debt without the prior written consent of Banks, if, as a result thereof, exclusive of the indebtedness contemplated by this Agreement, the aggregate amount of Debt of Borrower and its Subsidiaries would exceed the sum of \$250,000.00; provided, however, that any Subsidiary may incur Debt owed to Borrower and such Debt owed to Borrower shall not be included in the \$250,000.00 limit.

7.13 Redemptions, etc. Not, without the prior written approval of Banks: (1) redeem, purchase or acquire, directly or indirectly, any of Borrower's stock; (2) authorize or issue additional stock in Borrower of any class; (3) authorize any new class of stock in Borrower; (4) authorize any currently existing or new classes of stock in Borrower to become voting stock; or (5) sell or transfer any treasury shares of stock in Borrower. Provided, however, subparts (2) through (5) of this Section 7.13 shall not apply except to the extent that as a result thereof either (a) the Labordes would fail to retain at least forty-five percent (45%) of the issued and outstanding stock of Borrower, or (b) the Wilsons would fail to retain at least forty-five percent (45%) of the issued and outstanding stock of Borrower. For purposes of this Section 7.13, the Labordes and the Wilsons shall be deemed owners of the issued and outstanding stock of Borrower with respect to any issued and outstanding stock that is owned either by the Labordes or the Wilsons, any descendant of the Labordes or the Wilsons, any trust for the exclusive benefit of the Labordes or the Wilsons or any descendant of the Labordes or the Wilsons, or the respective estates of the Labordes or the Wilsons or any descendant of the Labordes or the Wilsons if said stock will ultimately pass from the respective estates of the Labordes or the Wilsons to a descendant or a trust for the exclusive benefit of a descendant of the Labordes or the Wilsons.

7.14 Capital Expenditures. Not make capital expenditures, directly or through a Subsidiary, which would exceed \$9,000,000.00 in calendar year 1996; \$8,000,000.00 in calendar year 1997 (in addition to and excluding the purchase price paid by Borrower for the Dolphin Companies); or \$2,000,000.00 per calendar year thereafter.

7.15 Dividends. Not declare or pay any dividends or make any other distribution on account of, or purchase, acquire, redeem or retire any capital stock of, Borrower, whether now or hereafter outstanding, provided that, so long as there is no Event of Default hereunder and Borrower continues as an S Corporation, Borrower shall be permitted to pay the following cash dividends on a cumulative basis, to-wit:

- (a) commencing with Borrower's first fiscal

quarter 1996 and with respect to each fiscal quarter thereafter, regular dividends not to exceed 40% of Borrower's pretax income earned in the fiscal quarter immediately prior to the fiscal quarter in question, as determined in accordance with GAAP; and

- (b) commencing annually in 1996, special dividends not to exceed 65% of Borrower's pretax income earned in the fiscal year of Borrower immediately prior to the fiscal year in question, as determined in accordance with GAAP and as provided in the audited financial statements furnished to Agent pursuant to Section 7.1(a) hereof, less the sum of dividends paid in the 2nd, 3rd, and 4th fiscal quarters of such prior fiscal year and dividends paid in the 1st fiscal quarter of the fiscal year in question.

7.16 Shareholder or Employee Loans. Not make, and not permit any Subsidiary to make, advances or loans to employees of Borrower or any Subsidiary or shareholders of Borrower which exceed the aggregate amount of \$100,000.00.

7.17 Change in Business. Carry on and conduct, and cause its Subsidiaries to carry on and conduct, the business of Borrower and each of its Subsidiaries in substantially the same manner and in substantially the same fields of enterprise as such businesses are presently conducted; provided, however, that the foregoing shall not prevent Borrower or one of its Subsidiaries from engaging in new and additional activities as long as said activities are in substantially the same fields of enterprise as are currently being engaged in by Borrower and the Dolphin Companies.

7.18 Accounts Receivable. Provide, and cause Dolphin Services to provide, Banks with aging reports of Borrower's and Dolphin Services' accounts receivable on a monthly basis.

7.19 Compliance with Agreements. Comply with, and cause each of its Subsidiaries to comply with, all indentures, mortgages, deeds of trust and other agreements binding on Borrower or any Subsidiary or affecting its properties or business.

7.20 Further Assurances. Execute and deliver, and cause its Subsidiaries to execute and deliver, such further documentation as may be requested by Banks or Agent to carry out the provisions and purposes of this Agreement and the other Loan Documents and to preserve and perfect the Liens of Banks or Agent for the benefit of Banks, as the case may be, in the Collateral.

7.21 Disposition of Assets. Not sell, lease, assign, transfer or otherwise dispose of, and shall cause each of its Subsidiaries not to sell, lease, assign, transfer or otherwise dispose of, any of its assets, except dispositions of inventory and equipment in the ordinary course of business and as otherwise provided in this Agreement.

7.22 Change Tax I.D. Number. Not change, and cause its Subsidiaries not to change, any of the Federal Taxpayer Identification Numbers set forth in Section 6.24 hereof without giving Agent at least sixty (60) days' prior written notice.

7.23 Indemnity. Indemnify, defend and hold Agent and Banks and their respective directors, officers, agents, attorneys and employees harmless from and against all claims, demands, causes of action, liabilities, losses, costs and expenses (including, without limitation, costs of suit, reasonable legal fees and fees of expert witnesses) arising from or in connection with (a) the presence in, on or under any property of Borrower or of any Subsidiary of Borrower (including, without limitation, the Real Property, the

GIFI Property, and the Dolphin Real Estate) of any Hazardous Substance or Solid Waste, or any releases or discharges (as the terms "release" and "discharge" are defined under any applicable Environmental Law) of any Hazardous Substance or Solid Waste on, under or from such property, (b) any activity carried on or undertaken on or off such property of Borrower or of any of its Subsidiaries, whether prior to or during the term of this Agreement, and whether by Borrower, any of its Subsidiaries or any predecessor in title to Borrower's or such Subsidiary's property or any officers, employees, agents, contractors or subcontractors of Borrower, any Subsidiary of Borrower or any predecessor in title to the property of Borrower or such Subsidiary, or any third persons at any time occupying or present on such property, in connection with the handling, use, generation, manufacture, treatment, removal, storage, decontamination, clean-up, transportation or disposal of any Hazardous Substance or Solid Waste at any time located or present on or under any of the aforescribed property, or (c) any breach of any representation, warranty or covenant under the terms of this Agreement. The foregoing indemnity shall further apply to any residual contamination on or under any or all of the aforescribed property, or affecting any natural resources, and to any contamination of any property or natural resources arising in connection with the use, handling, storage, transportation or disposal of any Hazardous Substance or Solid Waste, and irrespective of whether any of such activities were or will be undertaken in accordance with applicable laws, regulations, codes and ordinances. The indemnity described in this Section shall survive the termination of this Agreement for any reason whatsoever.

7.24 GIFI Property and Dolphin Real Estate. Not create a Lien on the GIFI Property, or permit any Subsidiary to create a Lien on the Dolphin Real Estate, in favor of, or otherwise convey, or permit a Subsidiary to convey, the GIFI Property or the Dolphin Real Estate to any Person without the prior written consent of Banks.

8. Section 10.4. Section 10.4 of the Fifth Amended and Restated Credit Agreement is hereby amended in its entirety to state:

10.4 Insolvency. Borrower or any Subsidiary of Borrower becomes insolvent or admits in writing its inability to pay its debts as they mature or applies for, consents to, or acquiesces in the appointment of a trustee or receiver for Borrower, such Subsidiary or any property of Borrower or of such Subsidiary; or, in the absence of such application, consent or acquiescence, a trustee or receiver is appointed for Borrower, for any Subsidiary of Borrower or for a substantial part of any property of either Borrower or of any of its Subsidiaries and is not discharged within thirty (30) days; or any bankruptcy, reorganization, debt arrangement, or other proceeding under any bankruptcy or insolvency law, or any dissolution or liquidation proceeding is instituted by or against Borrower or any of Borrower's Subsidiaries, and if instituted against Borrower or one of Borrower's Subsidiaries, it is consented to or acquiesced in by Borrower or such Subsidiary, or remains for thirty (30) days undismissed; or any warrant of attachment is issued against any substantial portion of the property of Borrower or of any Subsidiary of Borrower which is not released within thirty (30) days of service;

9. Section 10.5. Section 10.5 of the Fifth Amended and Restated Credit Agreement is hereby amended to insert the phrase "...or by any Subsidiary of Borrower..." immediately following the word "Borrower" in the second line thereof.

10. Section 10.9. A new section 10.9 is hereby added to the Fifth Amended and Restated Credit Agreement to state:

10.9 Subsidiary Default. Any Subsidiary of Borrower defaults on the payment of any amount due Banks under any Loan Document to which such Subsidiary is a party, which default shall continue for a period of five (5) days following written notice thereof to

Borrower from Banks or Agent; any representation or warranty made by a Subsidiary of Borrower under any Loan Document is untrue in any material respect as of the date made, or any schedule, statement, report, notice or writing furnished by a Subsidiary of Borrower to Banks is untrue in any material respect on the date as of which the facts set forth are stated or certified, which default shall continue for a period of thirty (30) days after written notice thereof to Borrower from Banks or Agent; or any Subsidiary of Borrower defaults in the performance of any other covenant and/or agreement set forth in any Loan Document to which such Subsidiary is a party, which default shall continue for a period of thirty (30) days after written notice thereof to Borrower from Banks or Agent.

11. Section 12.1. Section 12.1 of the Fifth Amended and Restated Credit Agreement is hereby amended to include the following substituted or additional definitions:

"Agreement" means this Fifth Amended and Restated Revolving Credit and Term Loan Agreement, as it has been amended by that certain First Amendment to Fifth Amended and Restated Revolving Credit and Term Loan Agreement and as it may be further amended, restated, modified and/or supplemented from time to time in the future.

"Collateral Documents" means the GIF Collateral Mortgage, the GIF Collateral Chattel Mortgages, the GIF Collateral Chattel Mortgage, the Lease Assignment, the Real Property Collateral Mortgage, the Security Agreement, the Financing Statement, the Stock Pledge, the Stock Pledge Financing Statement, the Dolphin Security Instruments and any and all other documents, instruments and agreements delivered to Agent or Banks to secure the Loans and/or any other obligations described in this Agreement, as the foregoing may be amended, modified or supplemented from time to time.

"Conversion Date" means June 30, 1997, the date on which all previously made Non-Revolving Advances shall automatically convert to a term loan in accordance with Section 1.1 hereof.

"Debt" means: (a) all obligations of Borrower or of any of Borrower's Subsidiaries for borrowed money, (b) all obligations of Borrower or of any of Borrower's Subsidiaries evidenced by bonds, notes, debentures or other similar instruments, (c) all obligations of Borrower or of any of Borrower's Subsidiaries to pay the deferred purchase price of property or services, except trade accounts payable by Borrower or by any of Borrower's Subsidiaries arising in the ordinary course of business which are not past due by more than sixty (60) days unless such trade accounts payable are being contested in good faith by appropriate proceedings, (d) all obligations of Borrower or of any of Borrower's Subsidiaries under any Capitalized Leases, (e) all obligations of Borrower or of any of Borrower's Subsidiaries under guaranties, endorsements (other than for collection or deposit in the ordinary course of business), assumptions or other contingent obligations, in respect of, or to purchaser or otherwise acquire, any obligation or indebtedness of Borrower or of any of Borrower's Subsidiaries, or any other obligations, contingent or otherwise, (f) all obligations secured by a Lien (except trade accounts payable by Borrower or by any of Borrower's Subsidiaries arising in the ordinary course of business which are not past due by more than sixty (60) days unless such trade accounts payable are being contested in good faith by appropriate proceedings secured by a vendor's lien) existing on property owned by Borrower or by any of Borrower's Subsidiaries, whether or not the obligations secured thereby have been assumed by Borrower or by any of Borrower's Subsidiaries or are non-recourse to the credit of Borrower or of any of Borrower's Subsidiaries, (g) all reimbursement obligations of Borrower or of any of Borrower's Subsidiaries, other than performance bonds of Borrower or of any of Borrower's Subsidiaries (whether contingent or otherwise), relating to letters of credit, bankers' acceptances and similar instruments,

and (h) all liabilities of Borrower or of any of Borrower's Subsidiaries in respect of unfunded vested benefits under any Plan; provided, however, the term "Debt" shall not include money borrowed by Borrower or by any of Borrower's Subsidiaries to pay premiums on insurance policies obtained by Borrower or by any of Borrower's Subsidiaries in the ordinary course of Borrower's or of any of Borrower's Subsidiaries' business.

"Debt Service" means, for any period in question, the sum of (a) all interest due and payable by Borrower or by any of Borrower's Subsidiaries to any Person during such period and (b) the aggregate amount of all principal due and payable during such period under this Agreement and any of the other Loan Documents.

"Eligible Receivables" shall mean, as of any date, an amount equal to the aggregate invoice amount owing on all trade accounts receivable of Borrower or of any of Borrower's Subsidiaries for goods sold, after deducting each such account that is unpaid ninety (90) days after the original invoice date thereof.

"Dolphin Companies" has the meaning ascribed in Section 5.1(c) above, and "Dolphin Company" likewise has the meaning ascribed in Section 5.1(c) above.

"Dolphin Guaranties" means, collectively, the Dolphin Sales Guaranty, the Dolphin Services Guaranty, and the Dolphin Steel Guaranty, and each of such guaranties may be referred to generically as a "Dolphin Guaranty".

"Dolphin Mortgage Instruments" means, collectively, the Dolphin Sales Note, the Dolphin Sales Mortgage, the Dolphin Sales Pledge, the Dolphin Services Note, the Dolphin Services Mortgage, and the Dolphin Services Pledge, and each of such instruments may be referred to generically as a "Dolphin Mortgage Instrument".

"Dolphin Real Estate" has the meaning ascribed in Section 5.1(d) above.

"Dolphin Sales" has the meaning ascribed in Section 5.1(c) above.

"Dolphin Sales Guaranty" has the meaning ascribed in Section 5.1(d) above.

"Dolphin Sales Mortgage" has the meaning ascribed in Section 5.1(d) above.

"Dolphin Sales Note" has the meaning ascribed in Section 5.1(d) above.

"Dolphin Sales Pledge" has the meaning ascribed in Section 5.1(d) above.

"Dolphin Sales Real Estate" has the meaning ascribed in Section 5.1(d) above.

"Dolphin Sales Security Agreement" has the meaning ascribed in Section 5.1(d) above.

"Dolphin Security Agreements" means, collectively, the Dolphin Sales Security Agreement, the Dolphin Services Security Agreement, and the Dolphin Steel Security Agreement, together with any associated UCC-1 financing statements, and each of such instruments may be referred to generically as a "Dolphin Security Agreement".

"Dolphin Security Instruments" means, collectively, the Dolphin Guaranties, the Dolphin Mortgage Instruments, and the Dolphin Security Agreements, and each of such instruments may be referred to generically as a "Dolphin Security Instrument".

"Dolphin Services" has the meaning ascribed in Section 5.1(c) above.

"Dolphin Services Guaranty" has the meaning

ascribed in Section 5.1(d) above.

"Dolphin Services Mortgage" has the meaning ascribed in Section 5.1(d) above.

"Dolphin Services Note" has the meaning ascribed in Section 5.1(d) above.

"Dolphin Services Pledge" has the meaning ascribed in Section 5.1(d) above.

"Dolphin Services Real Estate" has the meaning ascribed in Section 5.1(d) above.

"Dolphin Services Security Agreement" has the meaning ascribed in Section 5.1(d) above.

"Dolphin Steel" has the meaning provided in Section 5.1(c) above.

"Dolphin Steel Guaranty" has the meaning ascribed in Section 5.1(d) above.

"Dolphin Steel Security Agreement" has the meaning ascribed in Section 5.1(d) above.

"Environmental Laws" means any and all federal, state and local laws, regulations, ordinances, orders and requirements pertaining to health, safety or the environment, including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. Section 9601 et seq., the Resource Conservation and Recovery Act of 1976, 42 U.S.C. Section 6901 et seq., the Clean Air Act, 42 U.S.C. Section 7401 et seq., the Clean Water Act, 33 U.S.C. Section 1251 et seq., the Toxic Substances Control Act, 15 U.S.C. Section 2601 et seq., the Louisiana Environmental Quality Act, La. R.S. 30:2001, et seq., and all similar laws, regulations and requirements of any governmental authority or agency having jurisdiction over Borrower, any of its Subsidiaries or any of the property or assets of Borrower or of any of its Subsidiaries, as such laws, regulations and requirements may be amended or supplemented from time to time.

"Equipment" means all machinery, equipment, furniture and furnishings and other property described as "General Equipment" in the Security Agreement or as "equipment" under any of the Dolphin Security Agreements, now or hereafter owned by Borrower or by one of Borrower's Subsidiaries.

"Fixtures" means any and all goods and other property that, after placement on the Real Property, the GIFI Property, and/or the Dolphin Real Estate, become component parts thereof.

"Loan Documents" means, collectively, this Agreement, the Notes, the Collateral Documents, and any and all other documents, instruments and agreements executed in connection with the Loans, as the foregoing may be modified, supplemented and/or amended from time to time.

"Non-Revolving Commitment" means \$15,000,000.

"Stock Pledge" has the meaning ascribed in Section 5.2(c) above.

"Stock Pledge Financing Statement" has the meaning ascribed in Section 5.2(c) above.

"Subsidiary" means, as to any Person, a corporation, partnership or other entity of which shares of stock or other ownership interests having ordinary voting power (other than stock or such other ownership interests having such power only by reason of the happening of a contingency) to elect a majority of the board of directors or other managers of such corporation, partnership or other entity, or the management of which is otherwise controlled, directly or indirectly through one or more intermediaries, or both, by such Person.

ARTICLE II

SPECIAL REPRESENTATIONS AND WARRANTIES WITH RESPECT TO THIS FIRST AMENDMENT

In order to induce Banks and Agent to enter into this First Amendment, Borrower represents and warrants to Banks that:

1. Borrower Authorization. Borrower is duly authorized to execute, deliver and perform its obligations under this First Amendment and is and will continue to be duly authorized to borrow monies under and to perform its obligations under the Fifth Amended and Restated Credit Agreement, as amended by this First Amendment and as it may be further amended from time to time.

2. Enforceability Against Borrower. This First Amendment shall, upon execution and delivery, constitute the legal, valid and binding obligation of Borrower, enforceable in accordance with its terms.

3. Dolphin Companies Authorization. Each of the Dolphin Companies is duly authorized to execute, deliver and perform its obligations under any Dolphin Security Instrument to which it is a party.

4. Enforceability Against Dolphin Companies. Upon execution and delivery, each Dolphin Security Instrument shall constitute the legal, valid and binding obligation of the Dolphin Company which is a party thereto, enforceable against such Dolphin Company in accordance with its terms.

5. No Conflicts. The execution and delivery of the Dolphin Security Instruments and the performance by each of the Dolphin Companies of their respective obligations thereunder do not and will not conflict with any provision of law or of the charter or by-laws of such Dolphin Company or of any agreement binding upon such Dolphin Company, as the case may be.

ARTICLE III

CONDITIONS PRECEDENT TO EFFECTIVENESS OF THIS FIRST AMENDMENT

This First Amendment shall become effective as of the date first above written when and only when (i) Agent shall have received at the offices of Agent, a counterpart of this First Amendment executed and delivered by Borrower, the Dolphin Companies, and Banks and (ii) Agent shall have additionally received all of the following documents, each document (unless otherwise indicated) being dated the date of receipt thereof by Agent, duly authorized, executed and delivered, and in form and substance satisfactory to Agent and each of the Banks:

(a) Borrower's Resolutions. Copies, duly certified by the Secretary or Assistant Secretary of Borrower, of the resolutions of Borrower's Board of Directors authorizing the borrowings under the Fifth Amended and Restated Credit Agreement, as amended hereby, and the execution and delivery of this First Amendment and the Notes.

(b) Term Notes. Borrower's duly executed Term Notes payable to the order of Banks, in the form attached as Exhibits "B" and "C" hereto, with appropriate insertions.

(c) Borrower Incumbency Certificate. Certificates of Borrower's Secretary or Assistant Secretary, substantially in the form of Exhibit "I" to the Fifth Amended and Restated Credit Agreement, certifying the names of the officers of Borrower authorized to execute the Loan Documents, and all other documents or certificates to be delivered hereunder by Borrower, together with the true signatures of such officers.

(d) Dolphin Companies' Resolutions. Copies, duly certified by the Secretary or Assistant Secretary of each of the Dolphin Companies, of the resolutions of the respective Dolphin Companies' Boards of Directors, authorizing the execution and delivery of this Agreement and the Dolphin Security Instruments.

(e) Dolphin Companies' Incumbency Certificates. Certificate of the Secretaries or Assistant Secretaries of each of the Dolphin Companies, substantially in the form of

Exhibit "A" to this First Amendment, certifying the names of the officers of each Dolphin Company authorized to execute this Agreement and the Dolphin Security Instruments, and all other documents or certificates to be delivered hereunder by the Dolphin Companies, together with true signatures of such officers.

(f) Title Insurance. Mortgagee's title insurance commitments issued by Lawyers Title Insurance Corporation to First NBC, as Agent for Banks, in form and substance satisfactory to Banks and containing such endorsements as are required by Banks and, with respect to the Dolphin Sales Property, with coverage in the amount of \$250,000 and with respect to the Dolphin Services Property, with coverage in the amount of \$1,750,000.

(g) Environmental Report. A Phase I environmental report prepared by Walk, Haydel & Associates, Inc., dated December, 1996, certified to each Bank, reporting the current environmental condition of the Dolphin Sales Property and the Dolphin Services Property.

(h) Dolphin Security Instruments. Duly authorized and executed originals of each of the Dolphin Security Instruments.

(i) Lien Searches. Uniform Commercial Code and chattel mortgage searches in the name of Borrower and each Dolphin Company which confirm that the Liens granted to Banks by Borrower and the Dolphin Companies are first priority liens.

(j) Delivery of Stock Certificates. The stock certificates, registered in Borrower's name and subject to no transfer or pledge restrictions, representing the shares pledged to Banks pursuant to the Stock Pledge, together with blank stock powers executed by Borrower and in form and substance acceptable to Banks.

(k) Proof of Flood Insurance. Proof, in form and substance acceptable to Banks, that Dolphin Sales and Dolphin Services maintain all flood insurance with respect to the Dolphin Real Estate which they are legally required to maintain as a condition to the use of such Dolphin Real Estate to collateralize their respective Dolphin Guaranties, the Notes, and Borrower's other Obligations to Banks.

ARTICLE IV

MISCELLANEOUS

1. Definitions. All terms used herein with initial capital letters and not otherwise defined herein shall have the meanings ascribed to such terms in the Fifth Amended and Restated Credit Agreement.

2. No Other Changes. The Fifth Amended and Restated Credit Agreement as hereby amended is hereby ratified and confirmed in all respects. Any reference to the Fifth Amended and Restated Credit Agreement in any Loan Document shall be deemed to refer to the Fifth Amended and Restated Credit Agreement as amended hereby. Any reference to the Term Notes in any Loan Document shall be deemed to refer to the Term Notes executed of even date herewith in the forms of Exhibits "B" and "C" attached hereto. The execution, delivery and effectiveness of this First Amendment shall not, except as expressly provided herein, operate as a waiver of any right, power or remedy of Banks under the Fifth Amended and Restated Credit Agreement or any other Loan Document. Except as amended by this First Amendment, the Fifth Amended and Restated Credit Agreement shall remain in full force and effect. Nothing contained herein or in any other documents contemplated hereby shall be considered a novation or discharge of the debt of Borrower to Banks under the Fifth Amended and Restated Credit Agreement.

3. Ratification of Notes and Liens. Borrower does hereby ratify, reaffirm and acknowledge its obligations under the Revolving Notes, and Borrower does hereby further ratify, reaffirm and acknowledge its mortgage, pledge and/or assignment of, and/or grant of a security interest in, all Collateral heretofore provided by Borrower as security for the Notes and the other Obligations under the Fifth Amended and Restated Credit Agreement. Borrower does hereby further ratify, confirm and acknowledge to Agent and Banks that: (a) the mortgage, pledge and/or assignment of, and/or grant of a security interest in, all

such Collateral is and shall remain in full force and effect; (b) the Collateral Documents to which Borrower is a party are and shall continue to be valid, binding and enforceable obligations of Borrower; and (c) the Collateral Documents and the Collateral shall continue to secure, with retroactive priority to the extent permitted by law, the Notes and the other Obligations of Borrower as continued pursuant to the Revolving Notes and as renewed, rearranged, extended and now evidenced by, and as the amount thereof has been increased by, the Term Notes executed of even date herewith in the forms attached hereto as Exhibits "B" and "C".

4. Substitution and Addition of Exhibits and Schedule. Exhibits "B" and "C" of the Fifth Amended and Restated Credit Agreement are hereby deleted, and Exhibits "B" and "C" attached hereto are hereby substituted in place thereof. New Exhibits "L" (describing the Dolphin Sales Real Estate) and "M" (describing the Dolphin Services Real Estate) are hereby added to the Fifth Amended and Restated Credit Agreement. Schedule 1 of the Fifth Amended and Restated Credit Agreement is hereby deleted, and Schedule 1 attached hereto is hereby substituted in place thereof.

5. Counterparts. This First Amendment may be executed in as many counterparts as may be deemed necessary or convenient, and by the different parties hereto in separate counterparts, each of which, when so executed, shall be deemed an original, but all of which counterparts shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this First Amendment to be executed by their respective officers thereunto duly authorized, effective as of the date first written above.

BORROWER:

GULF ISLAND FABRICATION, INC.

By: /s/ Kerry J. Chauvin

Kerry J. Chauvin, President

BANKS:

FIRST NATIONAL BANK OF COMMERCE

By: /s/ J. Charles Freel, Jr.

J. Charles Freel, Jr.,
Vice President

WHITNEY NATIONAL BANK

By: /s/ Harry C. Stahel

Harry C. Stahel,
Senior Vice President

AGENT:

FIRST NATIONAL BANK OF COMMERCE

By: /s/ J. Charles Freel, Jr.

J. Charles Freel, Jr.,
Vice President

INTERVENTION

NOW INTO THESE PRESENTS COMES Dolphin Sales & Rentals, Inc., Dolphin Steel Sales, Inc., and Dolphin Services, Inc., who hereby bind themselves in solido with each other and with Borrower with respect to all representations and warranties contained Article I, Section 8 and Article II, Sections 3, 4, and 5 of this First Amendment to Fifth Amended and Restated Credit

Agreement and who, in order to induce Banks to enter into this First Amendment to Fifth Amended and Restated Credit Agreement, agree to execute and deliver to Banks the Dolphin Security Instruments as defined herein.

DOLPHIN SALES & RENTALS, INC.

By: /s/ Kerry J. Chauvin

Kerry J. Chauvin, President

DOLPHIN STEEL SALES, INC.

By: /s/ Kerry J. Chauvin

Kerry J. Chauvin, President

DOLPHIN SERVICES, INC.

By: /s/ Kerry J. Chauvin

Kerry J. Chauvin, President

ACKNOWLEDGMENT

STATE OF LOUISIANA

PARISH OF ORLEANS

BE IT KNOWN, that on this 2nd day of January, 1997, before me, the undersigned authority, duly commissioned, qualified and sworn within and for the State and Parish aforesaid, personally came and appeared KERRY J. CHAUVIN, appearing herein in his capacity as President of Gulf Island Fabrication, Inc., to me personally known to be the identical person whose name is subscribed to the foregoing First Amendment to Fifth Amended and Restated Revolving Credit and Term Loan Agreement, who declared and acknowledged to me, Notary, in the presence of the undersigned competent witnesses, that he executed the same on behalf of said corporation with full authority of its Board of Directors, and that the same instrument is the free act and deed of the said corporation and was executed for the uses, purposes and benefits therein expressed.

WITNESSES:

/s/ Patsy G. Holwadel

/s/ Kerry J. Chauvin

KERRY J. CHAUVIN

/s/ Scott D. Morgan

/s/ F. Rivers Lelong, Jr.

NOTARY PUBLIC

ACKNOWLEDGMENT

STATE OF LOUISIANA

PARISH OF ORLEANS

BE IT KNOWN, that on this 2nd day of January, 1997, before me, the undersigned authority, duly commissioned, qualified and

sworn within and for the State and Parish aforesaid, personally came and appeared J. CHARLES FREEL, JR., appearing herein in his capacity as Vice President of First National Bank of Commerce, to me personally known to be the identical person whose name is subscribed to the foregoing First Amendment to Fifth Amended and Restated Revolving Credit and Term Loan Agreement, who declared and acknowledged to me, Notary, in the presence of the undersigned competent witnesses, that he executed the same on behalf of said national banking association, appearing in said agreement in its individual capacity and its capacity as Agent, with full authority of its Board of Directors, and that the same instrument is the free act and deed of the said national bank association and was executed for the uses, purposes and benefits therein expressed.

WITNESSES:

/s/ Patsy G. Holwadel

/s/ J. Charles Freel, Jr.

J. CHARLES FREEL, JR.

/s/ Scott D. Morgan

/s/ F. Rivers Lelong, Jr.

NOTARY PUBLIC

ACKNOWLEDGMENT

STATE OF LOUISIANA

PARISH OF ORLEANS

BE IT KNOWN, that on this 2nd day of January, 1997, before me, the undersigned authority, duly commissioned, qualified and sworn within and for the State and Parish aforesaid, personally came and appeared HARRY C. STAHEL, appearing herein in his capacity as Senior Vice President of Whitney National Bank, to me personally known to be the identical person whose name is subscribed to the foregoing First Amendment to Fifth Amended and Restated Revolving Credit and Term Loan Agreement, who declared and acknowledged to me, Notary, in the presence of the undersigned competent witnesses, that he executed the same on behalf of said national banking association, appearing in said agreement in its individual capacity, with full authority of its Board of Directors, and that the same instrument is the free act and deed of the said national bank association and was executed for the uses, purposes and benefits therein expressed.

WITNESSES:

/s/ Patsy G. Holwadel

/s/ Harry C. Stahel

HARRY C. STAHEL

/s/ Scott D. Morgan

/s/ F. Rivers Lelong, Jr.

NOTARY PUBLIC

ACKNOWLEDGMENT

STATE OF LOUISIANA

PARISH OF ORLEANS

BE IT KNOWN, that on this 2nd day of January, 1997, before me, the undersigned authority, duly commissioned, qualified and sworn within and for the State and Parish aforesaid, personally came and appeared KERRY J. CHAUVIN, appearing herein in his capacity as President of Dolphin Sales & Rentals, Inc., to me personally known to be the identical person whose name is subscribed to the foregoing First Amendment to Fifth Amended and Restated Revolving Credit and Term Loan Agreement, who declared and acknowledged to me, Notary, in the presence of the undersigned competent witnesses, that he executed the same on behalf of said corporation with full authority of its Board of Directors, and that the same instrument is the free act and deed of the said corporation and was executed for the uses, purposes and benefits therein expressed.

WITNESSES:

/s/ Patsy G. Holwadel

/s/ Kerry J. Chauvin

KERRY J. CHAUVIN

/s/ Scott D. Morgan

/s/ F. Rivers Lelong, Jr.

NOTARY PUBLIC

ACKNOWLEDGMENT

STATE OF LOUISIANA

PARISH OF ORLEANS

BE IT KNOWN, that on this 2nd day of January, 1997, before me, the undersigned authority, duly commissioned, qualified and sworn within and for the State and Parish aforesaid, personally came and appeared KERRY J. CHAUVIN, appearing herein in his capacity as President of Dolphin Steel Sales, Inc., to me personally known to be the identical person whose name is subscribed to the foregoing First Amendment to Fifth Amended and Restated Revolving Credit and Term Loan Agreement, who declared and acknowledged to me, Notary, in the presence of the undersigned competent witnesses, that he executed the same on behalf of said corporation with full authority of its Board of Directors, and that the same instrument is the free act and deed of the said corporation and was executed for the uses, purposes and benefits therein expressed.

WITNESSES:

/s/ Patsy G. Holwadel

/s/ Kerry J. Chauvin

KERRY J. CHAUVIN

/s/ Scott D. Morgan

/s/ F. Rivers Lelong, Jr.

NOTARY PUBLIC

ACKNOWLEDGMENT

STATE OF LOUISIANA

PARISH OF ORLEANS

BE IT KNOWN, that on this 2nd day of January, 1997, before me, the undersigned authority, duly commissioned, qualified and sworn within and for the State and Parish aforesaid, personally came and appeared KERRY J. CHAUVIN, appearing herein in his capacity as President of Dolphin Services, Inc., to me personally known to be the identical person whose name is subscribed to the foregoing First Amendment to Fifth Amended and Restated Revolving Credit and Term Loan Agreement, who declared and acknowledged to me, Notary, in the presence of the undersigned competent witnesses, that he executed the same on behalf of said corporation with full authority of its Board of Directors, and that the same instrument is the free act and deed of the said corporation and was executed for the uses, purposes and benefits therein expressed.

WITNESSES:

/s/ Patsy G. Holwadel

/s/ Kerry J. Chauvin

KERRY J. CHAUVIN

/s/ Scott D. Morgan

/s/ F. Rivers Lelong, Jr.

NOTARY PUBLIC

FIRST AMENDMENT TO
FIFTH AMENDED AND RESTATED REVOLVING
CREDIT AND TERM LOAN AGREEMENT

THIS FIRST AMENDMENT TO FIFTH AMENDED AND RESTATED REVOLVING CREDIT AND TERM LOAN AGREEMENT (this "First Amendment"), dated effective as of the 2nd day of January, 1997, by and among GULF ISLAND FABRICATION, INC., a Louisiana corporation ("Borrower"), WHITNEY NATIONAL BANK, a national banking association ("Whitney"), FIRST NATIONAL BANK OF COMMERCE, a national banking association, in its individual capacity ("First NBC") (each of Whitney and First NBC being sometimes referred to individually as a "Bank" and collectively as the "Banks"), and FIRST NATIONAL BANK OF COMMERCE, a national banking association, in its capacity as agent for the Banks as set forth hereinafter (the "Agent").

W I T N E S S E T H:

WHEREAS, Borrower and First NBC entered into that certain Revolving Credit and Term Loan Agreement dated December 17, 1986 (the "Original Loan Agreement");

WHEREAS, Borrower and First NBC entered into that certain First Amendment to Revolving Credit and Term Loan Agreement dated as of November 3, 1987 (the "First Loan Agreement Amendment"), whereby Borrower and First NBC amended certain terms and conditions of the Original Loan Agreement;

WHEREAS, Borrower and First NBC entered into that certain Second Amendment to Revolving Credit and Term Loan Agreement, dated effective as of December 21, 1987 (the "Second Loan Agreement Amendment"), whereby Borrower and First NBC further amended certain terms and conditions of the Original Loan Agreement;

WHEREAS, Borrower and First NBC entered into that certain Third Amendment to Revolving Credit and Term Loan Agreement dated effective as of September 13, 1988 (the "Third Loan Agreement Amendment"), whereby Borrower and First NBC further amended certain terms and conditions of the Original Loan Agreement (the Original Loan Agreement as amended by the First Loan Agreement Amendment, the Second Loan Agreement Amendment and the Third Loan Agreement Amendment, the "Loan Agreement");

WHEREAS, Borrower and First NBC entered into that certain First Amended and Restated Revolving Credit and Term Loan Agreement dated July 27, 1989, whereby Borrower and First NBC further amended certain terms and conditions of the Loan Agreement and restated the Loan Agreement in its entirety (the "First Amended and Restated Loan Agreement");

WHEREAS, Borrower and First NBC entered into that certain Second Amended and Restated Revolving Credit and Term Loan Agreement dated effective as of March 1, 1990, to set forth further changes in their understanding concerning certain terms and conditions of the loan made pursuant to the First Amended and Restated Loan Agreement and to restate the same in its entirety (the "Second Amended and Restated Loan Agreement");

WHEREAS, pursuant to the terms of that certain Partial Assignment of Notes and Security Therefor, dated October 29, 1991 (as amended or modified from time to time, the "Assignment"), First NBC assigned to Whitney an undivided one-half(1/2) interest in and to the Second Amended and Restated Loan Agreement, all notes executed by Borrower payable to the order of First NBC pursuant to the Second Amended and Restated Loan Agreement and all security for the repayment of such notes, as described in the Second Amended and Restated Loan Agreement;

WHEREAS, as a result of the Assignment, each Bank acquired an undivided one-half (1/2) interest in and to the Second Amended and Restated Loan Agreement and all rights and obligations described therein or emanating therefrom;

WHEREAS, Borrower, Banks and Agent entered into that certain Third Amended and Restated Revolving Credit and Term Loan Agreement, dated effective as of October 29, 1991 (the "Third Amended and Restated Loan Agreement"), whereby Borrower, Banks and Agent amended and restated the Second Amended and Restated

Loan Agreement in order to reflect more fully the agreement among the parties regarding the continuation of the loans made pursuant thereto;

WHEREAS, Borrower, Banks and Agent entered into that certain First Amendment to Third Amended and Restated Revolving Credit and Term Loan Agreement (the "Third Amended and Restated Loan Agreement Amendment"), whereby Borrower, Banks and Agent amended certain terms and conditions of the Third Amended and Restated Loan Agreement;

WHEREAS, Borrower, Banks and Agent entered into that certain Fourth Amended and Restated Revolving Credit Agreement, dated effective as of February 25, 1993 (the "Fourth Amended and Restated Credit Agreement"), whereby Borrower, Banks and Agent amended and restated the Third Amended and Restated Loan Agreement, as amended by the Third Amended and Restated Loan Agreement Amendment, in order to reflect more fully the agreement among the parties regarding the continuation of the loans made pursuant thereto;

WHEREAS, Borrower, Banks and Agent entered into four subsequent amendments to the Fourth Amended and Restated Revolving Credit Agreement, dated respectively effective as of February 25, 1993, April 20, 1994, June 26, 1995 and May 1, 1996 (collectively, the "Amendments to the Fourth Amended and Restated Credit Agreement");

WHEREAS, Borrower, Banks and Agent entered into that certain Fifth Amended and Restated Revolving Credit and Term Loan Agreement, dated effective as of October 24, 1996 (the "Fifth Amended and Restated Credit Agreement"), whereby Borrower, Banks and Agent amended and restated the Fourth Amended and Restated Loan Agreement, as previously amended by the Amendments to the Fourth Amended and Restated Credit Agreement, and added a \$10,000,000 term loan facility;

WHEREAS, Borrower, Banks and Agent desire to amend the Fifth Amended and Restated Credit Agreement to increase the term loan facility by \$5,000,000, to permit Borrower to acquire Dolphin Services, Inc., Dolphin Steel Sales, Inc., and Dolphin Sales & Rentals, Inc., and to extend the maturity date of the Term Credit Facility under the Fifth Amended and Restated Credit Agreement;

NOW, THEREFORE, for and in consideration of the mutual covenants, agreements and undertakings herein contained, Banks, Agent and Borrower hereby agree as follows:

ARTICLE I

AMENDMENTS TO FIFTH AMENDED AND RESTATED CREDIT AGREEMENT

1. Section 1. Section 1 of the Fifth Amended and Restated Credit Agreement is hereby amended by deleting the amount "TWENTY-TWO MILLION AND NO/100 DOLLARS (\$22,000,000.00)" from the final sentence thereof and inserting in its place the amount "TWENTY-SEVEN MILLION AND NO/100 DOLLARS (\$27,000,000.00)".

2. Section 1.1. Section 1.1 of the Fifth Amended and Restated Credit Agreement is hereby amended in its entirety to state:

1.1 Term Credit Facility. Banks shall make available to Borrower a non-revolving line of credit in the maximum aggregate principal amount of FIFTEEN MILLION AND NO/100 DOLLARS (\$15,000,000.00) (the "Non-Revolving Line of Credit"), which Non-Revolving Line of Credit may be drawn upon by Borrower on any Business Day of Banks during the period from the date hereof until and including June 30, 1997, or such earlier date as may be fixed by Borrower on at least one (1) Business Day's telephonic notice to Agent, to be confirmed in writing by Borrower, in the form of actual fundings to Borrower by Banks in such amounts as Borrower may from time to time request (each such funding being hereinafter referred to individually as a "Non-Revolving Advance" and collectively as the "Non-Revolving Advances"), so long as the aggregate principal amount of all outstanding Non-Revolving Advances at any one time does not

exceed the Non-Revolving Commitment. On July 1, 1997, all of Banks' obligations to make Non-Revolving Advances on the Non-Revolving Line of Credit shall cease, and shall automatically, without the necessity of any further act on the part of Banks, Agent or Borrower, convert to a term loan in a principal amount equal to the aggregate amount of all Non-Revolving Advances made by Banks to Borrower during the period from October 24, 1996 until and including June 30, 1997. All Non-Revolving Advances repaid on the Non-Revolving Line of Credit shall not be reborrowed but shall reduce the Non-Revolving Commitment on a dollar-for-dollar basis. The credit facility described in this Section 1.1 is hereinafter referred to as the "Term Credit Facility".

3. Section 2.1. Section 2.1 of the Fifth Amended and Restated Credit Agreement is hereby amended in its entirety to state:

2.1 Term Notes. The Non-Revolving Advances shall be evidenced by two (2) promissory notes of Borrower payable to the order of First NBC and Whitney, respectively, each in the original principal amount of SEVEN MILLION FIVE HUNDRED THOUSAND AND NO/100 DOLLARS (\$7,500,000.00) and in the forms set forth as Exhibits "B" and "C" to this Agreement (each such note, together with any and all renewals, modifications, extensions, amendments, supplements and/or substitutions therefor, being sometimes referred to herein individually as a "Term Note" and collectively as the "Term Notes"), with appropriate insertions, each of which shall be dated January 2, 1997 and shall be payable in full on June 30, 2004. All Non-Revolving Advances made by Banks to Borrower pursuant to this Agreement and all payments of principal shall be recorded by Banks on the schedule attached to each Term Note, but Banks' failure to record or to record correctly such Non-Revolving Advances shall in no way affect Borrower's obligation to repay same. Each Term Note shall provide for quarterly installments of principal commencing September 30, 1997, each in an amount equal to one-twenty-eighth (1/28th) of the aggregate amount of all Non-Revolving Advances made by Banks to Borrower during the period from October 24, 1996 through and including June 30, 1997.

4. Section 3.1. The penultimate sentence of Section 3.1 of the Fifth Amended and Restated Credit Agreement is hereby amended by replacing "December 31, 1996 and March 31, 1996" with the phrase "December 31, 1996, March 31, 1997, and June 30, 1997".

5. Section 5.1. New Sections 5.1(c) and 5.1(d) are hereby added to the Fifth Amended and Restated Credit Agreement to state:

(c) As of January 2, 1997, Borrower has granted to First NBC, as Agent for Banks, as security for the Notes and other Obligations, a first priority security interest in all capital stock of Dolphin Sales & Rentals, Inc. ("Dolphin Sales"), Dolphin Steel Sales, Inc. ("Dolphin Steel"), and Dolphin Services, Inc. ("Dolphin Services"), as evidenced by (i) that certain Commercial Pledge and Security Agreement, dated January 2, 1997, by Borrower, as pledgor, in favor of First NBC, as Agent for Banks, as pledgee (the "Stock Pledge") and (ii) that certain UCC-1 Financing Statement by Borrower (the "Stock Pledge Financing Statement"). Dolphin Sales, Dolphin Steel, and Dolphin Services shall be referred to collectively as the "Dolphin Companies", and each such company may be referred to generically as a "Dolphin Company".

(d) As of January 2, 1997, Borrower has caused the Dolphin Companies to guarantee the Notes and Borrower's other Obligations to Banks and to grant mortgages on their respective immovable properties (collectively, the "Dolphin Real Estate") and a security interest in their respective Equipment and Fixtures as security for

the aforesaid guaranties and as direct security for the Notes and Borrower's other Obligations to Banks, as evidenced by:

- (i) That certain Commercial Guaranty by Dolphin Sales, dated January 2, 1997, in favor of First NBC, as Agent for Banks, which secures the Notes and Borrower's other Obligations to Banks (the "Dolphin Sales Guaranty");
- (ii) That certain Commercial Guaranty by Dolphin Steel, dated January 2, 1997, in favor of First NBC, as Agent for Banks, which secures the Notes and Borrower's other Obligations to Banks (the "Dolphin Steel Guaranty");
- (iii) That certain Commercial Guaranty by Dolphin Services, dated January 2, 1997, in favor of First NBC, as Agent for Banks, which secures the Notes and Borrower's other Obligations to Banks (the "Dolphin Services Guaranty");
- (iv) That certain Collateral Mortgage Note by Dolphin Sales, dated January 2, 1997, in the principal sum of \$3,000,000.00, bearing interest at the rate of eighteen percent (18%) per annum, from date until paid, and payable to the order of Bearer (the "Dolphin Sales Note");
- (v) That certain Collateral Mortgage by Dolphin Sales, dated January 2, 1997, in favor of First NBC, as Agent for Banks, and any and all future holders, which mortgage encumbers Dolphin Sales' immovable property in Terrebonne Parish, Louisiana more fully described on Exhibit "L" to this Agreement (the "Dolphin Sales Real Estate") and secures the Dolphin Sales Note (the "Dolphin Sales Mortgage");
- (vi) That certain Pledge of Collateral Mortgage Note, dated January 2, 1997, by Dolphin Sales to First NBC, as Agent for Banks, with respect to the Dolphin Sales Note, which secures the Notes, Borrower's other Obligations to Banks, and the Dolphin Sales Guaranty (the "Dolphin Sales Pledge");
- (vii) That certain Collateral Mortgage Note by Dolphin Services, dated January 2, 1997, in the principal sum of \$3,000,000.00, bearing interest at the rate of eighteen percent (18%) per annum, from date until paid, and payable to the order of Bearer (the "Dolphin Services Note");
- (viii) That certain Collateral Mortgage by Dolphin Services, dated January 2, 1997, in favor of First NBC, as Agent for Banks, and any and all future holders, which mortgage encumbers Dolphin Services' immovable property in Terrebonne Parish, Louisiana more fully described on Exhibit "M" to this Agreement (the "Dolphin Services Real Estate") and secures the Dolphin Services Note (the "Dolphin Services Mortgage");
- (ix) That certain Pledge of Collateral Mortgage Note, dated January 2, 1997, by Dolphin Services to First NBC, as Agent for Banks, with respect to the Dolphin Services Note, which secures the Notes, Borrower's other Obligations to Banks, and the Dolphin Services Guaranty (the "Dolphin Services Pledge");
- (x) That certain Commercial Security Agreement, dated January 2, 1997, by Dolphin Sales, as grantor, in favor of First NBC, as Agent for Banks, creating a security interest in Dolphin Sales' Equipment and Fixtures, as security for the Notes, Borrower's other Obligations to Banks, and the Dolphin Sales

Guaranty (the "Dolphin Sales Security Agreement");

- (xi) A UCC-1 Financing Statement executed by Dolphin Sales in connection with the Dolphin Sales Security Agreement;
- (xii) That certain Commercial Security Agreement, dated January 2, 1997, by Dolphin Steel, as grantor, in favor of First NBC, as Agent for Banks, creating a security interest in Dolphin Steel's Equipment and Fixtures, as security for the Notes, Borrower's other Obligations to Banks, and the Dolphin Steel Guaranty (the "Dolphin Steel Security Agreement");
- (xiii) A UCC-1 Financing Statement executed by Dolphin Steel in connection with the Dolphin Steel Security Agreement;
- (xiv) That certain Commercial Security Agreement, dated January 2, 1997, by Dolphin Services, as grantor, in favor of First NBC, as Agent for Banks, creating a security interest in Dolphin Services' Equipment and Fixtures, as security for the Notes, Borrower's other Obligations to Banks, and the Dolphin Services Guaranty (the "Dolphin Services Security Agreement"); and
- (xv) A UCC-1 Financing Statement executed by Dolphin Services in connection with the Dolphin Services Security Agreement.

6. Section 6. Section 6 of the Fifth Amended and Restated Credit Agreement is hereby amended in its entirety to state:

Section 6. Representations and Warranties of Borrower.

Borrower represents and warrants to Banks and Agent that:

6.1 Corporate Existence. Each of Borrower and its Subsidiaries is a corporation duly organized, validly existing and in good standing under the laws of the State of Louisiana; and each of Borrower and its Subsidiaries has all necessary corporate power and authority to acquire, own and hold the property and all other properties it purports to own and hold and to carry on its business as now conducted.

6.2 Authorization; Validity. Each of Borrower and its Subsidiaries is and/or has been duly authorized to execute and deliver this Agreement and all other Loan Documents to which such Borrower or Subsidiary is a party and to perform its obligations under this Agreement and all other Loan Documents to which such Borrower or Subsidiary is a party. Borrower is duly authorized and will continue to be duly authorized to borrow money hereunder. Each of this Agreement and the other Loan Documents to which Borrower or one of its Subsidiaries is a party, as executed and delivered, constitutes the legal, valid and binding obligation of Borrower and/or such Subsidiary, enforceable in accordance with the respective terms thereof.

6.3 No Conflicts. The execution and delivery of the Loan Documents and the performance by each of Borrower and its Subsidiaries of its obligations thereunder do not and will not conflict with any provision of law or of the charter or by-laws of Borrower or such Subsidiary or of any agreement binding upon Borrower or such Subsidiary, as the case may be.

6.4 Financial Statements. Borrower's audited financial statement as of December 31, 1995, a copy of which has been furnished to Banks, has been prepared in conformity with GAAP applied on a basis consistent with that of the preceding fiscal year and period, presents fairly the financial condition of Borrower as of such date and the results of its operations for the periods then ended. Borrower's unaudited financial statement as of September 30, 1996, a copy of which has been previously furnished to Banks, except for the absence

of footnotes normally associated with financial statements prepared in accordance with GAAP, has been prepared in conformity with GAAP and presents fairly the financial condition of Borrower as of such date and the results of its operations for the periods then ended. Since December 31, 1995, there has been no material adverse change in Borrower's financial condition. Since December 31, 1996, there has been no material adverse change in the financial condition of any of Borrower's Subsidiaries.

6.5 Litigation. To the best of Borrower's knowledge, after due inquiry, no litigation or governmental proceedings are pending or threatened against Borrower or any of its Subsidiaries, the results of which might materially affect Borrower's or such Subsidiary's financial condition or operations, except those referred to in a schedule furnished contemporaneously herewith and attached hereto as Schedule 1. Other than any liability incident to such litigation or proceedings or provided for or disclosed in the financial statements referred to in Section 6.4, Borrower does not have any material contingent liabilities. No Subsidiary has any material contingent liability other than those imposed by the Dolphin Guaranties and the other Dolphin Security Instruments.

6.6 Liens. None of the assets of Borrower or any of its Subsidiaries with a net book value of greater than \$25,000.00 is subject to any Lien, except for the Liens created pursuant to the Collateral Documents and Permitted Liens.

6.7 Subsidiaries. Borrower has no Subsidiaries other than the Dolphin Companies, and no Dolphin Company has any Subsidiaries.

6.8 Purpose. The proceeds of the Revolving Credit Facility shall be used by Borrower only for the support of working capital and for other general corporate purposes. The proceeds of the Term Credit Facility shall be used by Borrower only to make capital improvements to the Real Property, to acquire additional Equipment to be located on the Real Property or on the Dolphin Real Estate, and to fund Borrower's acquisition of the Dolphin Companies.

6.9 Use of Proceeds; Margin Securities. Borrower is not engaged in the business of purchasing or selling margin stock (as defined in Regulation U of the Board of Governors of the Federal Reserve System) or extending credit to others for the purpose of purchasing or carrying margin stock and, without limiting the generality of Section 6.8 hereof, no part of the proceeds of any borrowing hereunder will be used to purchase or carry any margin stock or for any other purpose which would violate any of the margin regulations of such Board of Governors.

6.10 Compliance with ERISA. Each of Borrower and its Subsidiaries is in compliance with all statutes and governmental rules and regulations applicable to it, including, without limitation, the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). No condition exists or event or transaction has occurred in connection with any plan, as defined in Sections 3(3) and 3(37) of ERISA, maintained by Borrower or any of its Subsidiaries (any such plan being hereinafter called the "Plan"), which could result in Borrower's or such Subsidiary's incurring any material liability, fine or penalty. No Reportable Event (as defined in ERISA) has occurred with respect to any such Plan. Neither Borrower nor any of its Subsidiaries has withdrawn from any such Plan or initiated steps to do so and no steps have been taken to terminate any such Plan.

6.11 Consents. No consent, approval or authorization of, or registration or declaration with, any federal or state governmental authority or other regulatory agent for the validity of the execution and delivery or for the performance by Borrower or any of its Subsidiaries of the Loan Documents is required.

6.12 Tax Returns. Each of Borrower and its

Subsidiaries has filed all tax returns which are required to be filed by any jurisdiction, and has paid all taxes which have become due pursuant to said returns or pursuant to any assessments.

6.13 Ownership of Borrower and Subsidiaries. No less than forty-five percent (45%) of the issued and outstanding stock of Borrower is owned by the Labordes and no less than forty-five percent (45%) of the issued and outstanding stock of Borrower is owned by the Wilsons. Borrower owns one hundred percent (100%) of the issued and outstanding stock of each Dolphin Company.

6.14 Operation of Business. Each of Borrower and its Subsidiaries possesses all licenses, permits, franchises, patents, copyrights, trademarks and trade names, or rights thereto, to conduct its business substantially as now conducted and as presently proposed to be conducted, and neither Borrower nor any of its Subsidiaries is in violation of any valid rights of others with respect to any of the foregoing.

6.15 Rights in Properties; Liens. Each of Borrower and its Subsidiaries has good and indefeasible title to its properties and assets, real and personal, including the properties and assets reflected in the financial statements described in Section 6.4 hereof, and none of the properties, assets or leasehold interests of Borrower or any Subsidiary is subject to any Lien, except as permitted by Section 7.11 hereof.

6.16 Debt. Borrower has no Debt, except as disclosed in the financial statements described in Section 6.4 hereof and as otherwise permitted by this Agreement. No Subsidiary of Borrower has any Debt except as owed to Borrower or as otherwise permitted by this Agreement.

6.17 Disclosure. No statement, information, report, representation or warranty made by Borrower or any of its Subsidiaries in this Agreement or in any of the other Loan Documents or furnished by Borrower or any of its Subsidiaries to Banks or Agent in connection with the negotiation or preparation of this Agreement, or any amendment hereto, contains any untrue statement of a material fact or omits to state any material fact necessary to make the statements herein or therein not misleading. There is no fact known to Borrower or to any of its Subsidiaries that has not been disclosed in writing to Banks which has a material adverse effect, or which might in the future have a material adverse effect, on the business, assets, financial condition or operations of Borrower, any of its Subsidiaries or on the Collateral.

6.18 Registered Office; Principal Place of Business; Location of Collateral. The principal place of business, chief executive office and registered office of Borrower and the place where Borrower keeps its books and records and all Collateral is located on the Real Property. The principal place of business, chief executive office and registered office of each of the Dolphin Companies and the place where each of the Dolphin Companies keeps its books and records and all collateral encumbered by the Dolphin Security Agreements is located in Terrebonne Parish, Louisiana (with the exception of certain collateral encumbered by the Dolphin Security Agreements which is, from time to time and in the ordinary course of the Dolphin Companies' businesses, temporarily located at job sites outside of Terrebonne Parish). Borrower has always maintained its registered office in either Terrebonne or East Baton Rouge Parish, Louisiana, and each of the Dolphin Companies has always maintained its registered office in Terrebonne Parish, Louisiana. Neither Borrower nor any of its Subsidiaries does, or has ever done, any business from any location other than as set forth in this Section. No Person other than Borrower, the Dolphin Companies, Agent and Banks has possession of any of the Collateral.

6.19 Investment Company Act. Neither Borrower nor any of its Subsidiaries is an "Investment Company" within the meaning of the Investment Company Act of

1940, as amended.

6.20 Other Agreements. With the exception of construction contracts entered into by Borrower or one of its Subsidiaries in the ordinary course of Borrower's or such Subsidiary's business, neither Borrower nor any of its Subsidiaries is a party to any indenture, loan or credit agreement, or to any lease or other agreement or instrument, or subject to any charter of corporate restriction which could have a material adverse effect on the business, properties, assets, operations or conditions, financial or otherwise, of Borrower or such Subsidiary, or the ability of Borrower or such Subsidiary to pay and perform its obligations under the Loan Documents to which it is a party. Neither Borrower nor any of its Subsidiaries is in default in any respect in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in any agreement or instrument material to its business to which it is a party.

6.21 Compliance with Law. Each of Borrower and its Subsidiaries is in compliance with all laws, rules, regulations, orders and decrees which are applicable to Borrower, its Subsidiaries or any of their respective properties. Without limiting the generality of the foregoing:

- (a) Employment Matters. Each of Borrower and its Subsidiaries is in full compliance with all applicable laws, rules, regulations and governmental standards regarding employment, including, without limitation, the minimum wage and overtime provisions of the Fair Labor Standards Act, as amended (29 U.S.C. Sections 201 - 219), and the regulations promulgated thereunder.
- (b) Environmental Matters.
 - (i) Each of Borrower and its Subsidiaries and all of their respective properties, assets and operations are in full compliance with all Environmental Laws. Neither Borrower nor any of its Subsidiaries is aware of or has received notice of, any past, present or future conditions, events, activities, practices or incidents which may interfere with or prevent the compliance or continued compliance of Borrower or any of its Subsidiaries with all Environmental Laws.
 - (ii) With the exception of the permits specifically referred to in Section 7.8 hereof, each of which Borrower or its Subsidiaries shall obtain and/or file, as the case may be, in accordance with the terms of Section 7.8, each of Borrower and its Subsidiaries has obtained all permits, licenses and authorizations and has filed all plans which are required under Environmental Laws in order to conduct its business and/or own its properties and assets including without limitation all Louisiana air emission permits required under any Environmental Law in order to conduct Borrower's or such Subsidiary's business and/or own its assets or properties.
 - (iii) Each of Borrower and its Subsidiaries has on file an SPCC Plan as required under applicable Environmental Laws in connection with Borrower's storage of petroleum on the Real Property or, if applicable, in connection with a Subsidiary's storage of petroleum on its immovable property.
 - (iv) No Hazardous Substances or Solid Wastes exist on, about or within or have been used, generated, stored, transported, disposed of on, or released from any of the properties or assets of Borrower or any of its Subsidiaries except in compliance with Environmental Laws.

- (v) There is no action, suit, proceeding, investigation or inquiry before any court, administrative agency or other governmental authority pending or, to the knowledge of Borrower or any of its Subsidiaries, threatened against Borrower or any of its Subsidiaries relating in any way to any Environmental Law. Neither Borrower nor any of its Subsidiaries has (A) been notified of any liability for remedial action under any Environmental Law, (B) received any request for information by any governmental authority with respect to the condition, use or operation of any of its properties or assets, or (C) received any notice from any governmental authority or other Person with respect to any violation of or liability under any Environmental Law.

6.22 Corporate Name. The exact corporate name of Borrower as it appears in its articles of incorporation is as set forth in the introduction of this Agreement and, with the exception of doing business under the name GIFI, Inc., Borrower has never done any business in any location under any other name. The exact corporate name of each Dolphin Company as it appears in its articles of incorporation is as set forth in Section 5.1(c) of this Agreement, and no Dolphin Company has ever done any business in any location under any other name.

6.23 Collateral. The Collateral Documents create in favor of Banks, and/or Agent for the benefit of Banks, valid, enforceable and perfected Liens on the properties described therein, which Liens secure the payment and performance of the obligations of Borrower and its Subsidiaries to Banks described in the Collateral Documents, and which Liens are superior to the rights of all third Persons, whether now existing or hereafter arising.

6.24 Taxpayer I.D. Numbers. Borrower's Federal Taxpayer Identification Number is 72-1147390. Dolphin Services' Federal Taxpayer Identification Number is 72-0890896; Dolphin Sales' Federal Taxpayer Identification Number is 72-1092285; and Dolphin Steel's Federal Taxpayer Identification Number is 72-1092757.

7. Section 7. Section 7 of the Fifth Amended and Restated Credit Agreement is hereby amended in its entirety to state:

Section 7. Borrower's Covenants.

From the date of this Agreement and thereafter until the expiration or termination of the Commitments, and until the Notes and other liabilities of Borrower hereunder are paid in full and all other obligations and liabilities under the Loan Documents are performed and paid in full, Borrower agrees that it will:

7.1 Financial Statements. Furnish to Agent:

- (a) within one hundred twenty (120) days after the end of each fiscal year, a copy of Borrower's financial statements (describing assets, liabilities, and results of operations both for Borrower individually and for Borrower and its Subsidiaries on a consolidated basis), audited by independent certified public accountants of nationally recognized standing selected by Borrower and reasonably satisfactory to Banks, prepared in conformity with GAAP;
- (b) within forty-five (45) days after the end of each month, a copy of Borrower's unaudited financial statements (describing assets, liabilities, and results of operations both for Borrower individually and for Borrower and its Subsidiaries on a consolidated basis) prepared in conformity with GAAP, except for the absence of footnotes normally associated with financial statements

prepared in accordance with GAAP;

- (c) together with the financial statements furnished by Borrower under preceding clause (a), a certificate of the president or chief financial officer of Borrower to the effect that no Event of Default with respect to Borrower, or event which might mature into an Event of Default with respect to Borrower, has occurred and is continuing;
- (d) forthwith upon the occurrence of an Event of Default, a certificate of the president or chief financial officer of Borrower specifying the nature and the period of existence thereof and what action Borrower proposes to take with respect thereto;
- (e) written notice of any and all litigation affecting Borrower or any of its Subsidiaries, directly or indirectly; provided, however, this requirement shall not apply to litigation involving Borrower or one of its Subsidiaries and any other party if such litigation involves, in the aggregate, less than \$100,000.00;
- (f) prompt notice of any change in the present officers, directors and/or stockholders of Borrower or any of its Subsidiaries; and
- (g) from time to time, such other information as Banks may reasonably request.

7.2 Access. Permit access, and cause its Subsidiaries to permit access, by Banks and Agent to the books and records and other property of Borrower and its Subsidiaries during normal business hours and upon reasonable notice and permit, and cause its Subsidiaries to permit, Banks to make copies of said books and records.

7.3 Insurance. Maintain, and cause its Subsidiaries to maintain, with financially sound and reputable insurance companies workmen's compensation insurance, liability insurance and insurance on Borrower's and its Subsidiaries' property, assets and business at least to such extent and against such hazards and liabilities as is commonly maintained by similar companies and, in addition to the foregoing insurance, such insurance as may be required in the Collateral Documents. In the case of property (whether owned by Borrower or by one of its Subsidiaries) in which Banks or Agent has a Lien, Borrower shall provide, and shall cause its Subsidiaries to provide, Agent with duplicate originals or certified copies of such policies of insurance in such forms and amounts, and containing such terms and conditions, as are satisfactory to Banks, naming Banks as additional loss payees and as additional insureds as their interests may appear and providing that such policies will not be canceled without thirty (30) days' prior written notice to Banks.

7.4 Repair. Maintain, preserve and keep, and cause its Subsidiaries to maintain, preserve, and keep, Borrower's and such Subsidiaries' properties in good repair, working order and condition, and make, and cause its Subsidiaries to make, necessary and proper repairs, renewals and replacements so that Borrower's and its Subsidiaries' business carried on in connection therewith may be properly conducted at all times.

7.5 Taxes. Pay or discharge, and cause its Subsidiaries to pay and discharge, at or before maturity or before becoming delinquent (a) all taxes, levies, assessments and governmental charges imposed on Borrower or any of its Subsidiaries or its income or profits or any of its property, and (b) all lawful claims for labor, materials and supplies which, if

unpaid, might become a Lien upon any of Borrower's property or the property of any of its Subsidiaries; provided, however, that neither Borrower nor any Subsidiary shall be required to pay or discharge any tax, levy, assessment or governmental charge which is being contested in good faith by appropriate proceedings diligently pursued.

7.6 Corporate Existence. Maintain its corporate existence in good standing and cause its Subsidiaries to maintain their respective corporate existences in good standing.

7.7 Merger. Without the prior written consent of Banks, not, and cause each of its Subsidiaries not to:

- (a) be a party to any merger or consolidation (other than a merger of one or more of the Dolphin Companies into another Dolphin Company or a merger of one or more of the Dolphin Companies into Borrower, in either event followed by notice to Banks of the merger delivered within ten (10) days after the merger becomes effective);
- (b) except in the normal course of its business, sell, transfer, convey, or lease all or any substantial part of Borrower's or a Subsidiary's assets;
- (c) sell or assign, except in the normal course of Borrower's business or the business of one of its Subsidiaries, with or without recourse, any accounts receivable or chattel paper.

7.8 Compliance. Comply, and cause its Subsidiaries to comply, with all statutes, laws, ordinances, orders, rules and regulations applicable to Borrower or such Subsidiary, including, without limitation, all Environmental Laws and ERISA; provided, however, Borrower and its Subsidiaries shall be deemed to be in compliance with this requirement for such time as Borrower or one of its Subsidiaries may be contesting, in good faith and with diligence by appropriate proceedings, any alleged violation of any statute, rule or regulation. Borrower shall not permit, and shall cause each of its Subsidiaries not to permit, any condition to exist in connection with any Plan which might constitute grounds for the PBGC to institute proceedings to have such Plan terminated or a trustee appointed to administer such Plan, and Borrower shall not engage in, or permit to exist or occur, and shall cause its Subsidiaries not to engage in or permit to occur or exist, any other condition, event or transaction with respect to, any such Plan which could result in Borrower or one of its Subsidiaries incurring any material liability, fine or penalty.

Without limiting the generality of the foregoing, Borrower shall comply, and shall cause each of its Subsidiaries to comply, fully with and maintain in effect any and all environmental permits and licenses required under any Environmental Law in order to conduct Borrower's or such Subsidiary's business. To the extent such permits are required but have not been obtained, or to the extent such existing permits must be modified or renewed, Borrower shall make, and shall cause its Subsidiaries to make, timely application for and obtain all such permits, modifications or renewals thereof, as the case may be, including, but not limited to, necessary federal and/or state water discharge, air emission and waste management permits.

As often as Banks or Agent may require, Borrower shall submit to Agent written progress reports addressing the status of environmental permits and plans required of Borrower or any of its Subsidiaries, including pending permit applications. All permits required hereunder shall be obtained and/or filed, as the case may be, within six (6) months from the effective date hereof.

Anything contained herein to the contrary

notwithstanding, Borrower shall not use, or permit any of its Subsidiaries to use, any of the properties of Borrower or of one of Borrower's Subsidiaries or allow such properties to be used for the storage, treatment or disposal of Solid Waste or Hazardous Substances except in the ordinary course of Borrower's or such Subsidiary's business and in compliance with the terms or any applicable Environmental Law or permit.

7.9 Use of Proceeds. Not use or permit any proceeds of the Loans to be used, either directly or indirectly, for the purpose, whether immediate, incidental or ultimate, of "purchasing or carrying any margin stock" within the meaning of Regulation U of the Board of Governors of the Federal Reserve System, as amended from time to time, and furnish to Banks, upon either of their requests, a statement in conformity with the requirements of Federal Reserve Form U-1 referred to in Regulation U of the Board of Governors of the Federal Reserve System.

7.10 Financial Covenants. Maintain, on a consolidated basis with all of its Subsidiaries,

- (a) a ratio of current assets to current liabilities, as determined in accordance with GAAP, in excess of 1.33 to 1;
- (b) a minimum Net Worth of NINETEEN MILLION AND NO/100 DOLLARS (\$19,000,000.00) for the period commencing September 30, 1996 and ending December 31, 1997; a minimum Net Worth of TWENTY-ONE MILLION AND NO/100 DOLLARS (\$21,000,000.00) for the period January 1, 1998 through December 31, 1998, and a minimum Net Worth of TWENTY-THREE MILLION AND NO/100 DOLLARS (\$23,000,000.00) from and including January 1, 1999 and thereafter;
- (c) a ratio of Debt to Net Worth no greater than 1.1 to 1; and
- (d) a ratio of Cash Flow to Debt Service of at least 1.5 to 1, such ratio to be determined as of the end of each fiscal quarter by giving effect to such fiscal quarter and the three (3) immediately preceding fiscal quarters; provided that there shall be no Event of Default under this Section 7.10(d) unless Borrower fails to meet the ratio described in this Section 7.10(d) for three (3) successive fiscal quarters.

7.11 Liens. Not create, incur, or suffer to exist, and not permit any of Borrower's Subsidiaries to create, incur or suffer to exist, any Lien on any of Borrower's property or on the property of Borrower's Subsidiaries except ((a) through (g) of this Section being referred to collectively as the "Permitted Liens"):

- (a) those for taxes, assessments or governmental charges or levies if the same shall not at the time be delinquent or thereafter can be paid without penalty, or are being contested in good faith and by appropriate proceedings;
- (b) those imposed by law, such as carriers', warehousemen's and mechanics' liens and other similar liens arising in the ordinary course of business which secure payment of obligations not more than sixty (60) days past due;
- (c) those arising out of pledges or deposits under workmen's compensation laws, unemployment insurance, old age pensions, or other social security or retirement benefits, or similar legislation;

- (d) utility easements, building restrictions and such other encumbrances or charges against real property as are of a nature generally existing with respect to properties of a similar character and which do not in any material way affect the marketability of the same or interfere with the use thereof in the business of Borrower or of any of Borrower's Subsidiaries;
- (e) lessors' interests under financing leases;
- (f) liens on assets of Borrower and its Subsidiaries not covered by the Loan Documents which liens secure obligations of Borrower or its Subsidiaries in the ordinary course of business which in the aggregate for all such obligations of Borrower and its Subsidiaries do not exceed \$250,000.00; and
- (g) the Liens created pursuant to the Loan Documents.

7.12 Debt. Not create or permit to exist, and not allow any of Borrower's Subsidiaries to create or permit to exist, any Debt without the prior written consent of Banks, if, as a result thereof, exclusive of the indebtedness contemplated by this Agreement, the aggregate amount of Debt of Borrower and its Subsidiaries would exceed the sum of \$250,000.00; provided, however, that any Subsidiary may incur Debt owed to Borrower and such Debt owed to Borrower shall not be included in the \$250,000.00 limit.

7.13 Redemptions, etc. Not, without the prior written approval of Banks: (1) redeem, purchase or acquire, directly or indirectly, any of Borrower's stock; (2) authorize or issue additional stock in Borrower of any class; (3) authorize any new class of stock in Borrower; (4) authorize any currently existing or new classes of stock in Borrower to become voting stock; or (5) sell or transfer any treasury shares of stock in Borrower. Provided, however, subparts (2) through (5) of this Section 7.13 shall not apply except to the extent that as a result thereof either (a) the Labordes would fail to retain at least forty-five percent (45%) of the issued and outstanding stock of Borrower, or (b) the Wilsons would fail to retain at least forty-five percent (45%) of the issued and outstanding stock of Borrower. For purposes of this Section 7.13, the Labordes and the Wilsons shall be deemed owners of the issued and outstanding stock of Borrower with respect to any issued and outstanding stock that is owned either by the Labordes or the Wilsons, any descendant of the Labordes or the Wilsons, any trust for the exclusive benefit of the Labordes or the Wilsons or any descendant of the Labordes or the Wilsons, or the respective estates of the Labordes or the Wilsons or any descendant of the Labordes or the Wilsons if said stock will ultimately pass from the respective estates of the Labordes or the Wilsons to a descendant or a trust for the exclusive benefit of a descendant of the Labordes or the Wilsons.

7.14 Capital Expenditures. Not make capital expenditures, directly or through a Subsidiary, which would exceed \$9,000,000.00 in calendar year 1996; \$8,000,000.00 in calendar year 1997 (in addition to and excluding the purchase price paid by Borrower for the Dolphin Companies); or \$2,000,000.00 per calendar year thereafter.

7.15 Dividends. Not declare or pay any dividends or make any other distribution on account of, or purchase, acquire, redeem or retire any capital stock of, Borrower, whether now or hereafter outstanding, provided that, so long as there is no Event of Default hereunder and Borrower continues as an S Corporation, Borrower shall be permitted to pay the following cash dividends on a cumulative basis, to-wit:

- (a) commencing with Borrower's first fiscal

quarter 1996 and with respect to each fiscal quarter thereafter, regular dividends not to exceed 40% of Borrower's pretax income earned in the fiscal quarter immediately prior to the fiscal quarter in question, as determined in accordance with GAAP; and

- (b) commencing annually in 1996, special dividends not to exceed 65% of Borrower's pretax income earned in the fiscal year of Borrower immediately prior to the fiscal year in question, as determined in accordance with GAAP and as provided in the audited financial statements furnished to Agent pursuant to Section 7.1(a) hereof, less the sum of dividends paid in the 2nd, 3rd, and 4th fiscal quarters of such prior fiscal year and dividends paid in the 1st fiscal quarter of the fiscal year in question.

7.16 Shareholder or Employee Loans. Not make, and not permit any Subsidiary to make, advances or loans to employees of Borrower or any Subsidiary or shareholders of Borrower which exceed the aggregate amount of \$100,000.00.

7.17 Change in Business. Carry on and conduct, and cause its Subsidiaries to carry on and conduct, the business of Borrower and each of its Subsidiaries in substantially the same manner and in substantially the same fields of enterprise as such businesses are presently conducted; provided, however, that the foregoing shall not prevent Borrower or one of its Subsidiaries from engaging in new and additional activities as long as said activities are in substantially the same fields of enterprise as are currently being engaged in by Borrower and the Dolphin Companies.

7.18 Accounts Receivable. Provide, and cause Dolphin Services to provide, Banks with aging reports of Borrower's and Dolphin Services' accounts receivable on a monthly basis.

7.19 Compliance with Agreements. Comply with, and cause each of its Subsidiaries to comply with, all indentures, mortgages, deeds of trust and other agreements binding on Borrower or any Subsidiary or affecting its properties or business.

7.20 Further Assurances. Execute and deliver, and cause its Subsidiaries to execute and deliver, such further documentation as may be requested by Banks or Agent to carry out the provisions and purposes of this Agreement and the other Loan Documents and to preserve and perfect the Liens of Banks or Agent for the benefit of Banks, as the case may be, in the Collateral.

7.21 Disposition of Assets. Not sell, lease, assign, transfer or otherwise dispose of, and shall cause each of its Subsidiaries not to sell, lease, assign, transfer or otherwise dispose of, any of its assets, except dispositions of inventory and equipment in the ordinary course of business and as otherwise provided in this Agreement.

7.22 Change Tax I.D. Number. Not change, and cause its Subsidiaries not to change, any of the Federal Taxpayer Identification Numbers set forth in Section 6.24 hereof without giving Agent at least sixty (60) days' prior written notice.

7.23 Indemnity. Indemnify, defend and hold Agent and Banks and their respective directors, officers, agents, attorneys and employees harmless from and against all claims, demands, causes of action, liabilities, losses, costs and expenses (including, without limitation, costs of suit, reasonable legal fees and fees of expert witnesses) arising from or in connection with (a) the presence in, on or under any property of Borrower or of any Subsidiary of Borrower (including, without limitation, the Real Property, the

GIFI Property, and the Dolphin Real Estate) of any Hazardous Substance or Solid Waste, or any releases or discharges (as the terms "release" and "discharge" are defined under any applicable Environmental Law) of any Hazardous Substance or Solid Waste on, under or from such property, (b) any activity carried on or undertaken on or off such property of Borrower or of any of its Subsidiaries, whether prior to or during the term of this Agreement, and whether by Borrower, any of its Subsidiaries or any predecessor in title to Borrower's or such Subsidiary's property or any officers, employees, agents, contractors or subcontractors of Borrower, any Subsidiary of Borrower or any predecessor in title to the property of Borrower or such Subsidiary, or any third persons at any time occupying or present on such property, in connection with the handling, use, generation, manufacture, treatment, removal, storage, decontamination, clean-up, transportation or disposal of any Hazardous Substance or Solid Waste at any time located or present on or under any of the aforescribed property, or (c) any breach of any representation, warranty or covenant under the terms of this Agreement. The foregoing indemnity shall further apply to any residual contamination on or under any or all of the aforescribed property, or affecting any natural resources, and to any contamination of any property or natural resources arising in connection with the use, handling, storage, transportation or disposal of any Hazardous Substance or Solid Waste, and irrespective of whether any of such activities were or will be undertaken in accordance with applicable laws, regulations, codes and ordinances. The indemnity described in this Section shall survive the termination of this Agreement for any reason whatsoever.

7.24 GIFI Property and Dolphin Real Estate. Not create a Lien on the GIFI Property, or permit any Subsidiary to create a Lien on the Dolphin Real Estate, in favor of, or otherwise convey, or permit a Subsidiary to convey, the GIFI Property or the Dolphin Real Estate to any Person without the prior written consent of Banks.

8. Section 10.4. Section 10.4 of the Fifth Amended and Restated Credit Agreement is hereby amended in its entirety to state:

10.4 Insolvency. Borrower or any Subsidiary of Borrower becomes insolvent or admits in writing its inability to pay its debts as they mature or applies for, consents to, or acquiesces in the appointment of a trustee or receiver for Borrower, such Subsidiary or any property of Borrower or of such Subsidiary; or, in the absence of such application, consent or acquiescence, a trustee or receiver is appointed for Borrower, for any Subsidiary of Borrower or for a substantial part of any property of either Borrower or of any of its Subsidiaries and is not discharged within thirty (30) days; or any bankruptcy, reorganization, debt arrangement, or other proceeding under any bankruptcy or insolvency law, or any dissolution or liquidation proceeding is instituted by or against Borrower or any of Borrower's Subsidiaries, and if instituted against Borrower or one of Borrower's Subsidiaries, it is consented to or acquiesced in by Borrower or such Subsidiary, or remains for thirty (30) days undismissed; or any warrant of attachment is issued against any substantial portion of the property of Borrower or of any Subsidiary of Borrower which is not released within thirty (30) days of service;

9. Section 10.5. Section 10.5 of the Fifth Amended and Restated Credit Agreement is hereby amended to insert the phrase "...or by any Subsidiary of Borrower..." immediately following the word "Borrower" in the second line thereof.

10. Section 10.9. A new section 10.9 is hereby added to the Fifth Amended and Restated Credit Agreement to state:

10.9 Subsidiary Default. Any Subsidiary of Borrower defaults on the payment of any amount due Banks under any Loan Document to which such Subsidiary is a party, which default shall continue for a period of five (5) days following written notice thereof to

Borrower from Banks or Agent; any representation or warranty made by a Subsidiary of Borrower under any Loan Document is untrue in any material respect as of the date made, or any schedule, statement, report, notice or writing furnished by a Subsidiary of Borrower to Banks is untrue in any material respect on the date as of which the facts set forth are stated or certified, which default shall continue for a period of thirty (30) days after written notice thereof to Borrower from Banks or Agent; or any Subsidiary of Borrower defaults in the performance of any other covenant and/or agreement set forth in any Loan Document to which such Subsidiary is a party, which default shall continue for a period of thirty (30) days after written notice thereof to Borrower from Banks or Agent.

11. Section 12.1. Section 12.1 of the Fifth Amended and Restated Credit Agreement is hereby amended to include the following substituted or additional definitions:

"Agreement" means this Fifth Amended and Restated Revolving Credit and Term Loan Agreement, as it has been amended by that certain First Amendment to Fifth Amended and Restated Revolving Credit and Term Loan Agreement and as it may be further amended, restated, modified and/or supplemented from time to time in the future.

"Collateral Documents" means the GIF Collateral Mortgage, the GIF Collateral Chattel Mortgages, the GIF Collateral Chattel Mortgage, the Lease Assignment, the Real Property Collateral Mortgage, the Security Agreement, the Financing Statement, the Stock Pledge, the Stock Pledge Financing Statement, the Dolphin Security Instruments and any and all other documents, instruments and agreements delivered to Agent or Banks to secure the Loans and/or any other obligations described in this Agreement, as the foregoing may be amended, modified or supplemented from time to time.

"Conversion Date" means June 30, 1997, the date on which all previously made Non-Revolving Advances shall automatically convert to a term loan in accordance with Section 1.1 hereof.

"Debt" means: (a) all obligations of Borrower or of any of Borrower's Subsidiaries for borrowed money, (b) all obligations of Borrower or of any of Borrower's Subsidiaries evidenced by bonds, notes, debentures or other similar instruments, (c) all obligations of Borrower or of any of Borrower's Subsidiaries to pay the deferred purchase price of property or services, except trade accounts payable by Borrower or by any of Borrower's Subsidiaries arising in the ordinary course of business which are not past due by more than sixty (60) days unless such trade accounts payable are being contested in good faith by appropriate proceedings, (d) all obligations of Borrower or of any of Borrower's Subsidiaries under any Capitalized Leases, (e) all obligations of Borrower or of any of Borrower's Subsidiaries under guaranties, endorsements (other than for collection or deposit in the ordinary course of business), assumptions or other contingent obligations, in respect of, or to purchaser or otherwise acquire, any obligation or indebtedness of Borrower or of any of Borrower's Subsidiaries, or any other obligations, contingent or otherwise, (f) all obligations secured by a Lien (except trade accounts payable by Borrower or by any of Borrower's Subsidiaries arising in the ordinary course of business which are not past due by more than sixty (60) days unless such trade accounts payable are being contested in good faith by appropriate proceedings secured by a vendor's lien) existing on property owned by Borrower or by any of Borrower's Subsidiaries, whether or not the obligations secured thereby have been assumed by Borrower or by any of Borrower's Subsidiaries or are non-recourse to the credit of Borrower or of any of Borrower's Subsidiaries, (g) all reimbursement obligations of Borrower or of any of Borrower's Subsidiaries, other than performance bonds of Borrower or of any of Borrower's Subsidiaries (whether contingent or otherwise), relating to letters of credit, bankers' acceptances and similar instruments,

and (h) all liabilities of Borrower or of any of Borrower's Subsidiaries in respect of unfunded vested benefits under any Plan; provided, however, the term "Debt" shall not include money borrowed by Borrower or by any of Borrower's Subsidiaries to pay premiums on insurance policies obtained by Borrower or by any of Borrower's Subsidiaries in the ordinary course of Borrower's or of any of Borrower's Subsidiaries' business.

"Debt Service" means, for any period in question, the sum of (a) all interest due and payable by Borrower or by any of Borrower's Subsidiaries to any Person during such period and (b) the aggregate amount of all principal due and payable during such period under this Agreement and any of the other Loan Documents.

"Eligible Receivables" shall mean, as of any date, an amount equal to the aggregate invoice amount owing on all trade accounts receivable of Borrower or of any of Borrower's Subsidiaries for goods sold, after deducting each such account that is unpaid ninety (90) days after the original invoice date thereof.

"Dolphin Companies" has the meaning ascribed in Section 5.1(c) above, and "Dolphin Company" likewise has the meaning ascribed in Section 5.1(c) above.

"Dolphin Guaranties" means, collectively, the Dolphin Sales Guaranty, the Dolphin Services Guaranty, and the Dolphin Steel Guaranty, and each of such guaranties may be referred to generically as a "Dolphin Guaranty".

"Dolphin Mortgage Instruments" means, collectively, the Dolphin Sales Note, the Dolphin Sales Mortgage, the Dolphin Sales Pledge, the Dolphin Services Note, the Dolphin Services Mortgage, and the Dolphin Services Pledge, and each of such instruments may be referred to generically as a "Dolphin Mortgage Instrument".

"Dolphin Real Estate" has the meaning ascribed in Section 5.1(d) above.

"Dolphin Sales" has the meaning ascribed in Section 5.1(c) above.

"Dolphin Sales Guaranty" has the meaning ascribed in Section 5.1(d) above.

"Dolphin Sales Mortgage" has the meaning ascribed in Section 5.1(d) above.

"Dolphin Sales Note" has the meaning ascribed in Section 5.1(d) above.

"Dolphin Sales Pledge" has the meaning ascribed in Section 5.1(d) above.

"Dolphin Sales Real Estate" has the meaning ascribed in Section 5.1(d) above.

"Dolphin Sales Security Agreement" has the meaning ascribed in Section 5.1(d) above.

"Dolphin Security Agreements" means, collectively, the Dolphin Sales Security Agreement, the Dolphin Services Security Agreement, and the Dolphin Steel Security Agreement, together with any associated UCC-1 financing statements, and each of such instruments may be referred to generically as a "Dolphin Security Agreement".

"Dolphin Security Instruments" means, collectively, the Dolphin Guaranties, the Dolphin Mortgage Instruments, and the Dolphin Security Agreements, and each of such instruments may be referred to generically as a "Dolphin Security Instrument".

"Dolphin Services" has the meaning ascribed in Section 5.1(c) above.

"Dolphin Services Guaranty" has the meaning

ascribed in Section 5.1(d) above.

"Dolphin Services Mortgage" has the meaning ascribed in Section 5.1(d) above.

"Dolphin Services Note" has the meaning ascribed in Section 5.1(d) above.

"Dolphin Services Pledge" has the meaning ascribed in Section 5.1(d) above.

"Dolphin Services Real Estate" has the meaning ascribed in Section 5.1(d) above.

"Dolphin Services Security Agreement" has the meaning ascribed in Section 5.1(d) above.

"Dolphin Steel" has the meaning provided in Section 5.1(c) above.

"Dolphin Steel Guaranty" has the meaning ascribed in Section 5.1(d) above.

"Dolphin Steel Security Agreement" has the meaning ascribed in Section 5.1(d) above.

"Environmental Laws" means any and all federal, state and local laws, regulations, ordinances, orders and requirements pertaining to health, safety or the environment, including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. Section 9601 et seq., the Resource Conservation and Recovery Act of 1976, 42 U.S.C. Section 6901 et seq., the Clean Air Act, 42 U.S.C. Section 7401 et seq., the Clean Water Act, 33 U.S.C. Section 1251 et seq., the Toxic Substances Control Act, 15 U.S.C. Section 2601 et seq., the Louisiana Environmental Quality Act, La. R.S. 30:2001, et seq., and all similar laws, regulations and requirements of any governmental authority or agency having jurisdiction over Borrower, any of its Subsidiaries or any of the property or assets of Borrower or of any of its Subsidiaries, as such laws, regulations and requirements may be amended or supplemented from time to time.

"Equipment" means all machinery, equipment, furniture and furnishings and other property described as "General Equipment" in the Security Agreement or as "equipment" under any of the Dolphin Security Agreements, now or hereafter owned by Borrower or by one of Borrower's Subsidiaries.

"Fixtures" means any and all goods and other property that, after placement on the Real Property, the GIFI Property, and/or the Dolphin Real Estate, become component parts thereof.

"Loan Documents" means, collectively, this Agreement, the Notes, the Collateral Documents, and any and all other documents, instruments and agreements executed in connection with the Loans, as the foregoing may be modified, supplemented and/or amended from time to time.

"Non-Revolving Commitment" means \$15,000,000.

"Stock Pledge" has the meaning ascribed in Section 5.2(c) above.

"Stock Pledge Financing Statement" has the meaning ascribed in Section 5.2(c) above.

"Subsidiary" means, as to any Person, a corporation, partnership or other entity of which shares of stock or other ownership interests having ordinary voting power (other than stock or such other ownership interests having such power only by reason of the happening of a contingency) to elect a majority of the board of directors or other managers of such corporation, partnership or other entity, or the management of which is otherwise controlled, directly or indirectly through one or more intermediaries, or both, by such Person.

ARTICLE II

SPECIAL REPRESENTATIONS AND WARRANTIES WITH RESPECT TO THIS FIRST AMENDMENT

In order to induce Banks and Agent to enter into this First Amendment, Borrower represents and warrants to Banks that:

1. Borrower Authorization. Borrower is duly authorized to execute, deliver and perform its obligations under this First Amendment and is and will continue to be duly authorized to borrow monies under and to perform its obligations under the Fifth Amended and Restated Credit Agreement, as amended by this First Amendment and as it may be further amended from time to time.

2. Enforceability Against Borrower. This First Amendment shall, upon execution and delivery, constitute the legal, valid and binding obligation of Borrower, enforceable in accordance with its terms.

3. Dolphin Companies Authorization. Each of the Dolphin Companies is duly authorized to execute, deliver and perform its obligations under any Dolphin Security Instrument to which it is a party.

4. Enforceability Against Dolphin Companies. Upon execution and delivery, each Dolphin Security Instrument shall constitute the legal, valid and binding obligation of the Dolphin Company which is a party thereto, enforceable against such Dolphin Company in accordance with its terms.

5. No Conflicts. The execution and delivery of the Dolphin Security Instruments and the performance by each of the Dolphin Companies of their respective obligations thereunder do not and will not conflict with any provision of law or of the charter or by-laws of such Dolphin Company or of any agreement binding upon such Dolphin Company, as the case may be.

ARTICLE III

CONDITIONS PRECEDENT TO EFFECTIVENESS OF THIS FIRST AMENDMENT

This First Amendment shall become effective as of the date first above written when and only when (i) Agent shall have received at the offices of Agent, a counterpart of this First Amendment executed and delivered by Borrower, the Dolphin Companies, and Banks and (ii) Agent shall have additionally received all of the following documents, each document (unless otherwise indicated) being dated the date of receipt thereof by Agent, duly authorized, executed and delivered, and in form and substance satisfactory to Agent and each of the Banks:

(a) Borrower's Resolutions. Copies, duly certified by the Secretary or Assistant Secretary of Borrower, of the resolutions of Borrower's Board of Directors authorizing the borrowings under the Fifth Amended and Restated Credit Agreement, as amended hereby, and the execution and delivery of this First Amendment and the Notes.

(b) Term Notes. Borrower's duly executed Term Notes payable to the order of Banks, in the form attached as Exhibits "B" and "C" hereto, with appropriate insertions.

(c) Borrower Incumbency Certificate. Certificates of Borrower's Secretary or Assistant Secretary, substantially in the form of Exhibit "I" to the Fifth Amended and Restated Credit Agreement, certifying the names of the officers of Borrower authorized to execute the Loan Documents, and all other documents or certificates to be delivered hereunder by Borrower, together with the true signatures of such officers.

(d) Dolphin Companies' Resolutions. Copies, duly certified by the Secretary or Assistant Secretary of each of the Dolphin Companies, of the resolutions of the respective Dolphin Companies' Boards of Directors, authorizing the execution and delivery of this Agreement and the Dolphin Security Instruments.

(e) Dolphin Companies' Incumbency Certificates. Certificate of the Secretaries or Assistant Secretaries of each of the Dolphin Companies, substantially in the form of

Exhibit "A" to this First Amendment, certifying the names of the officers of each Dolphin Company authorized to execute this Agreement and the Dolphin Security Instruments, and all other documents or certificates to be delivered hereunder by the Dolphin Companies, together with true signatures of such officers.

(f) Title Insurance. Mortgagee's title insurance commitments issued by Lawyers Title Insurance Corporation to First NBC, as Agent for Banks, in form and substance satisfactory to Banks and containing such endorsements as are required by Banks and, with respect to the Dolphin Sales Property, with coverage in the amount of \$250,000 and with respect to the Dolphin Services Property, with coverage in the amount of \$1,750,000.

(g) Environmental Report. A Phase I environmental report prepared by Walk, Haydel & Associates, Inc., dated December, 1996, certified to each Bank, reporting the current environmental condition of the Dolphin Sales Property and the Dolphin Services Property.

(h) Dolphin Security Instruments. Duly authorized and executed originals of each of the Dolphin Security Instruments.

(i) Lien Searches. Uniform Commercial Code and chattel mortgage searches in the name of Borrower and each Dolphin Company which confirm that the Liens granted to Banks by Borrower and the Dolphin Companies are first priority liens.

(j) Delivery of Stock Certificates. The stock certificates, registered in Borrower's name and subject to no transfer or pledge restrictions, representing the shares pledged to Banks pursuant to the Stock Pledge, together with blank stock powers executed by Borrower and in form and substance acceptable to Banks.

(k) Proof of Flood Insurance. Proof, in form and substance acceptable to Banks, that Dolphin Sales and Dolphin Services maintain all flood insurance with respect to the Dolphin Real Estate which they are legally required to maintain as a condition to the use of such Dolphin Real Estate to collateralize their respective Dolphin Guaranties, the Notes, and Borrower's other Obligations to Banks.

ARTICLE IV

MISCELLANEOUS

1. Definitions. All terms used herein with initial capital letters and not otherwise defined herein shall have the meanings ascribed to such terms in the Fifth Amended and Restated Credit Agreement.

2. No Other Changes. The Fifth Amended and Restated Credit Agreement as hereby amended is hereby ratified and confirmed in all respects. Any reference to the Fifth Amended and Restated Credit Agreement in any Loan Document shall be deemed to refer to the Fifth Amended and Restated Credit Agreement as amended hereby. Any reference to the Term Notes in any Loan Document shall be deemed to refer to the Term Notes executed of even date herewith in the forms of Exhibits "B" and "C" attached hereto. The execution, delivery and effectiveness of this First Amendment shall not, except as expressly provided herein, operate as a waiver of any right, power or remedy of Banks under the Fifth Amended and Restated Credit Agreement or any other Loan Document. Except as amended by this First Amendment, the Fifth Amended and Restated Credit Agreement shall remain in full force and effect. Nothing contained herein or in any other documents contemplated hereby shall be considered a novation or discharge of the debt of Borrower to Banks under the Fifth Amended and Restated Credit Agreement.

3. Ratification of Notes and Liens. Borrower does hereby ratify, reaffirm and acknowledge its obligations under the Revolving Notes, and Borrower does hereby further ratify, reaffirm and acknowledge its mortgage, pledge and/or assignment of, and/or grant of a security interest in, all Collateral heretofore provided by Borrower as security for the Notes and the other Obligations under the Fifth Amended and Restated Credit Agreement. Borrower does hereby further ratify, confirm and acknowledge to Agent and Banks that: (a) the mortgage, pledge and/or assignment of, and/or grant of a security interest in, all

such Collateral is and shall remain in full force and effect; (b) the Collateral Documents to which Borrower is a party are and shall continue to be valid, binding and enforceable obligations of Borrower; and (c) the Collateral Documents and the Collateral shall continue to secure, with retroactive priority to the extent permitted by law, the Notes and the other Obligations of Borrower as continued pursuant to the Revolving Notes and as renewed, rearranged, extended and now evidenced by, and as the amount thereof has been increased by, the Term Notes executed of even date herewith in the forms attached hereto as Exhibits "B" and "C".

4. Substitution and Addition of Exhibits and Schedule. Exhibits "B" and "C" of the Fifth Amended and Restated Credit Agreement are hereby deleted, and Exhibits "B" and "C" attached hereto are hereby substituted in place thereof. New Exhibits "L" (describing the Dolphin Sales Real Estate) and "M" (describing the Dolphin Services Real Estate) are hereby added to the Fifth Amended and Restated Credit Agreement. Schedule 1 of the Fifth Amended and Restated Credit Agreement is hereby deleted, and Schedule 1 attached hereto is hereby substituted in place thereof.

5. Counterparts. This First Amendment may be executed in as many counterparts as may be deemed necessary or convenient, and by the different parties hereto in separate counterparts, each of which, when so executed, shall be deemed an original, but all of which counterparts shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this First Amendment to be executed by their respective officers thereunto duly authorized, effective as of the date first written above.

BORROWER:

GULF ISLAND FABRICATION, INC.

By: /s/ Kerry J. Chauvin

Kerry J. Chauvin, President

BANKS:

FIRST NATIONAL BANK OF COMMERCE

By: /s/ J. Charles Freel, Jr.

J. Charles Freel, Jr.,
Vice President

WHITNEY NATIONAL BANK

By: /s/ Harry C. Stahel

Harry C. Stahel,
Senior Vice President

AGENT:

FIRST NATIONAL BANK OF COMMERCE

By: /s/ J. Charles Freel, Jr.

J. Charles Freel, Jr.,
Vice President

INTERVENTION

NOW INTO THESE PRESENTS COMES Dolphin Sales & Rentals, Inc., Dolphin Steel Sales, Inc., and Dolphin Services, Inc., who hereby bind themselves in solido with each other and with Borrower with respect to all representations and warranties contained Article I, Section 8 and Article II, Sections 3, 4, and 5 of this First Amendment to Fifth Amended and Restated Credit

Agreement and who, in order to induce Banks to enter into this First Amendment to Fifth Amended and Restated Credit Agreement, agree to execute and deliver to Banks the Dolphin Security Instruments as defined herein.

DOLPHIN SALES & RENTALS, INC.

By: /s/ Kerry J. Chauvin

Kerry J. Chauvin, President

DOLPHIN STEEL SALES, INC.

By: /s/ Kerry J. Chauvin

Kerry J. Chauvin, President

DOLPHIN SERVICES, INC.

By: /s/ Kerry J. Chauvin

Kerry J. Chauvin, President

ACKNOWLEDGMENT

STATE OF LOUISIANA

PARISH OF ORLEANS

BE IT KNOWN, that on this 2nd day of January, 1997, before me, the undersigned authority, duly commissioned, qualified and sworn within and for the State and Parish aforesaid, personally came and appeared KERRY J. CHAUVIN, appearing herein in his capacity as President of Gulf Island Fabrication, Inc., to me personally known to be the identical person whose name is subscribed to the foregoing First Amendment to Fifth Amended and Restated Revolving Credit and Term Loan Agreement, who declared and acknowledged to me, Notary, in the presence of the undersigned competent witnesses, that he executed the same on behalf of said corporation with full authority of its Board of Directors, and that the same instrument is the free act and deed of the said corporation and was executed for the uses, purposes and benefits therein expressed.

WITNESSES:

/s/ Patsy G. Holwadel

/s/ Kerry J. Chauvin

KERRY J. CHAUVIN

/s/ Scott D. Morgan

/s/ F. Rivers Lelong, Jr.

NOTARY PUBLIC

ACKNOWLEDGMENT

STATE OF LOUISIANA

PARISH OF ORLEANS

BE IT KNOWN, that on this 2nd day of January, 1997, before me, the undersigned authority, duly commissioned, qualified and

sworn within and for the State and Parish aforesaid, personally came and appeared J. CHARLES FREEL, JR., appearing herein in his capacity as Vice President of First National Bank of Commerce, to me personally known to be the identical person whose name is subscribed to the foregoing First Amendment to Fifth Amended and Restated Revolving Credit and Term Loan Agreement, who declared and acknowledged to me, Notary, in the presence of the undersigned competent witnesses, that he executed the same on behalf of said national banking association, appearing in said agreement in its individual capacity and its capacity as Agent, with full authority of its Board of Directors, and that the same instrument is the free act and deed of the said national bank association and was executed for the uses, purposes and benefits therein expressed.

WITNESSES:

/s/ Patsy G. Holwadel

/s/ J. Charles Freel, Jr.

J. CHARLES FREEL, JR.

/s/ Scott D. Morgan

/s/ F. Rivers Lelong, Jr.

NOTARY PUBLIC

ACKNOWLEDGMENT

STATE OF LOUISIANA

PARISH OF ORLEANS

BE IT KNOWN, that on this 2nd day of January, 1997, before me, the undersigned authority, duly commissioned, qualified and sworn within and for the State and Parish aforesaid, personally came and appeared HARRY C. STAHEL, appearing herein in his capacity as Senior Vice President of Whitney National Bank, to me personally known to be the identical person whose name is subscribed to the foregoing First Amendment to Fifth Amended and Restated Revolving Credit and Term Loan Agreement, who declared and acknowledged to me, Notary, in the presence of the undersigned competent witnesses, that he executed the same on behalf of said national banking association, appearing in said agreement in its individual capacity, with full authority of its Board of Directors, and that the same instrument is the free act and deed of the said national bank association and was executed for the uses, purposes and benefits therein expressed.

WITNESSES:

/s/ Patsy G. Holwadel

/s/ Harry C. Stahel

HARRY C. STAHEL

/s/ Scott D. Morgan

/s/ F. Rivers Lelong, Jr.

NOTARY PUBLIC

ACKNOWLEDGMENT

STATE OF LOUISIANA

PARISH OF ORLEANS

BE IT KNOWN, that on this 2nd day of January, 1997, before me, the undersigned authority, duly commissioned, qualified and sworn within and for the State and Parish aforesaid, personally came and appeared KERRY J. CHAUVIN, appearing herein in his capacity as President of Dolphin Sales & Rentals, Inc., to me personally known to be the identical person whose name is subscribed to the foregoing First Amendment to Fifth Amended and Restated Revolving Credit and Term Loan Agreement, who declared and acknowledged to me, Notary, in the presence of the undersigned competent witnesses, that he executed the same on behalf of said corporation with full authority of its Board of Directors, and that the same instrument is the free act and deed of the said corporation and was executed for the uses, purposes and benefits therein expressed.

WITNESSES:

/s/ Patsy G. Holwadel

/s/ Kerry J. Chauvin

KERRY J. CHAUVIN

/s/ Scott D. Morgan

/s/ F. Rivers Lelong, Jr.

NOTARY PUBLIC

ACKNOWLEDGMENT

STATE OF LOUISIANA

PARISH OF ORLEANS

BE IT KNOWN, that on this 2nd day of January, 1997, before me, the undersigned authority, duly commissioned, qualified and sworn within and for the State and Parish aforesaid, personally came and appeared KERRY J. CHAUVIN, appearing herein in his capacity as President of Dolphin Steel Sales, Inc., to me personally known to be the identical person whose name is subscribed to the foregoing First Amendment to Fifth Amended and Restated Revolving Credit and Term Loan Agreement, who declared and acknowledged to me, Notary, in the presence of the undersigned competent witnesses, that he executed the same on behalf of said corporation with full authority of its Board of Directors, and that the same instrument is the free act and deed of the said corporation and was executed for the uses, purposes and benefits therein expressed.

WITNESSES:

/s/ Patsy G. Holwadel

/s/ Kerry J. Chauvin

KERRY J. CHAUVIN

/s/ Scott D. Morgan

/s/ F. Rivers Lelong, Jr.

NOTARY PUBLIC

ACKNOWLEDGMENT

STATE OF LOUISIANA

PARISH OF ORLEANS

BE IT KNOWN, that on this 2nd day of January, 1997, before me, the undersigned authority, duly commissioned, qualified and sworn within and for the State and Parish aforesaid, personally came and appeared KERRY J. CHAUVIN, appearing herein in his capacity as President of Dolphin Services, Inc., to me personally known to be the identical person whose name is subscribed to the foregoing First Amendment to Fifth Amended and Restated Revolving Credit and Term Loan Agreement, who declared and acknowledged to me, Notary, in the presence of the undersigned competent witnesses, that he executed the same on behalf of said corporation with full authority of its Board of Directors, and that the same instrument is the free act and deed of the said corporation and was executed for the uses, purposes and benefits therein expressed.

WITNESSES:

/s/ Patsy G. Holwadel

/s/ Kerry J. Chauvin

KERRY J. CHAUVIN

/s/ Scott D. Morgan

/s/ F. Rivers Lelong, Jr.

NOTARY PUBLIC

FIRST AMENDMENT TO
FIFTH AMENDED AND RESTATED REVOLVING
CREDIT AND TERM LOAN AGREEMENT

THIS FIRST AMENDMENT TO FIFTH AMENDED AND RESTATED REVOLVING CREDIT AND TERM LOAN AGREEMENT (this "First Amendment"), dated effective as of the 2nd day of January, 1997, by and among GULF ISLAND FABRICATION, INC., a Louisiana corporation ("Borrower"), WHITNEY NATIONAL BANK, a national banking association ("Whitney"), FIRST NATIONAL BANK OF COMMERCE, a national banking association, in its individual capacity ("First NBC") (each of Whitney and First NBC being sometimes referred to individually as a "Bank" and collectively as the "Banks"), and FIRST NATIONAL BANK OF COMMERCE, a national banking association, in its capacity as agent for the Banks as set forth hereinafter (the "Agent").

W I T N E S S E T H:

WHEREAS, Borrower and First NBC entered into that certain Revolving Credit and Term Loan Agreement dated December 17, 1986 (the "Original Loan Agreement");

WHEREAS, Borrower and First NBC entered into that certain First Amendment to Revolving Credit and Term Loan Agreement dated as of November 3, 1987 (the "First Loan Agreement Amendment"), whereby Borrower and First NBC amended certain terms and conditions of the Original Loan Agreement;

WHEREAS, Borrower and First NBC entered into that certain Second Amendment to Revolving Credit and Term Loan Agreement, dated effective as of December 21, 1987 (the "Second Loan Agreement Amendment"), whereby Borrower and First NBC further amended certain terms and conditions of the Original Loan Agreement;

WHEREAS, Borrower and First NBC entered into that certain Third Amendment to Revolving Credit and Term Loan Agreement dated effective as of September 13, 1988 (the "Third Loan Agreement Amendment"), whereby Borrower and First NBC further amended certain terms and conditions of the Original Loan Agreement (the Original Loan Agreement as amended by the First Loan Agreement Amendment, the Second Loan Agreement Amendment and the Third Loan Agreement Amendment, the "Loan Agreement");

WHEREAS, Borrower and First NBC entered into that certain First Amended and Restated Revolving Credit and Term Loan Agreement dated July 27, 1989, whereby Borrower and First NBC further amended certain terms and conditions of the Loan Agreement and restated the Loan Agreement in its entirety (the "First Amended and Restated Loan Agreement");

WHEREAS, Borrower and First NBC entered into that certain Second Amended and Restated Revolving Credit and Term Loan Agreement dated effective as of March 1, 1990, to set forth further changes in their understanding concerning certain terms and conditions of the loan made pursuant to the First Amended and Restated Loan Agreement and to restate the same in its entirety (the "Second Amended and Restated Loan Agreement");

WHEREAS, pursuant to the terms of that certain Partial Assignment of Notes and Security Therefor, dated October 29, 1991 (as amended or modified from time to time, the "Assignment"), First NBC assigned to Whitney an undivided one-half (1/2) interest in and to the Second Amended and Restated Loan Agreement, all notes executed by Borrower payable to the order of First NBC pursuant to the Second Amended and Restated Loan Agreement and all security for the repayment of such notes, as described in the Second Amended and Restated Loan Agreement;

WHEREAS, as a result of the Assignment, each Bank acquired an undivided one-half (1/2) interest in and to the Second Amended and Restated Loan Agreement and all rights and obligations described therein or emanating therefrom;

WHEREAS, Borrower, Banks and Agent entered into that certain Third Amended and Restated Revolving Credit and Term Loan Agreement, dated effective as of October 29, 1991 (the "Third Amended and Restated Loan Agreement"), whereby Borrower, Banks and Agent amended and restated the Second Amended and Restated

Loan Agreement in order to reflect more fully the agreement among the parties regarding the continuation of the loans made pursuant thereto;

WHEREAS, Borrower, Banks and Agent entered into that certain First Amendment to Third Amended and Restated Revolving Credit and Term Loan Agreement (the "Third Amended and Restated Loan Agreement Amendment"), whereby Borrower, Banks and Agent amended certain terms and conditions of the Third Amended and Restated Loan Agreement;

WHEREAS, Borrower, Banks and Agent entered into that certain Fourth Amended and Restated Revolving Credit Agreement, dated effective as of February 25, 1993 (the "Fourth Amended and Restated Credit Agreement"), whereby Borrower, Banks and Agent amended and restated the Third Amended and Restated Loan Agreement, as amended by the Third Amended and Restated Loan Agreement Amendment, in order to reflect more fully the agreement among the parties regarding the continuation of the loans made pursuant thereto;

WHEREAS, Borrower, Banks and Agent entered into four subsequent amendments to the Fourth Amended and Restated Revolving Credit Agreement, dated respectively effective as of February 25, 1993, April 20, 1994, June 26, 1995 and May 1, 1996 (collectively, the "Amendments to the Fourth Amended and Restated Credit Agreement");

WHEREAS, Borrower, Banks and Agent entered into that certain Fifth Amended and Restated Revolving Credit and Term Loan Agreement, dated effective as of October 24, 1996 (the "Fifth Amended and Restated Credit Agreement"), whereby Borrower, Banks and Agent amended and restated the Fourth Amended and Restated Loan Agreement, as previously amended by the Amendments to the Fourth Amended and Restated Credit Agreement, and added a \$10,000,000 term loan facility;

WHEREAS, Borrower, Banks and Agent desire to amend the Fifth Amended and Restated Credit Agreement to increase the term loan facility by \$5,000,000, to permit Borrower to acquire Dolphin Services, Inc., Dolphin Steel Sales, Inc., and Dolphin Sales & Rentals, Inc., and to extend the maturity date of the Term Credit Facility under the Fifth Amended and Restated Credit Agreement;

NOW, THEREFORE, for and in consideration of the mutual covenants, agreements and undertakings herein contained, Banks, Agent and Borrower hereby agree as follows:

ARTICLE I

AMENDMENTS TO FIFTH AMENDED AND RESTATED CREDIT AGREEMENT

1. Section 1. Section 1 of the Fifth Amended and Restated Credit Agreement is hereby amended by deleting the amount "TWENTY-TWO MILLION AND NO/100 DOLLARS (\$22,000,000.00)" from the final sentence thereof and inserting in its place the amount "TWENTY-SEVEN MILLION AND NO/100 DOLLARS (\$27,000,000.00)".

2. Section 1.1. Section 1.1 of the Fifth Amended and Restated Credit Agreement is hereby amended in its entirety to state:

1.1 Term Credit Facility. Banks shall make available to Borrower a non-revolving line of credit in the maximum aggregate principal amount of FIFTEEN MILLION AND NO/100 DOLLARS (\$15,000,000.00) (the "Non-Revolving Line of Credit"), which Non-Revolving Line of Credit may be drawn upon by Borrower on any Business Day of Banks during the period from the date hereof until and including June 30, 1997, or such earlier date as may be fixed by Borrower on at least one (1) Business Day's telephonic notice to Agent, to be confirmed in writing by Borrower, in the form of actual fundings to Borrower by Banks in such amounts as Borrower may from time to time request (each such funding being hereinafter referred to individually as a "Non-Revolving Advance" and collectively as the "Non-Revolving Advances"), so long as the aggregate principal amount of all outstanding Non-Revolving Advances at any one time does not

exceed the Non-Revolving Commitment. On July 1, 1997, all of Banks' obligations to make Non-Revolving Advances on the Non-Revolving Line of Credit shall cease, and shall automatically, without the necessity of any further act on the part of Banks, Agent or Borrower, convert to a term loan in a principal amount equal to the aggregate amount of all Non-Revolving Advances made by Banks to Borrower during the period from October 24, 1996 until and including June 30, 1997. All Non-Revolving Advances repaid on the Non-Revolving Line of Credit shall not be reborrowed but shall reduce the Non-Revolving Commitment on a dollar-for-dollar basis. The credit facility described in this Section 1.1 is hereinafter referred to as the "Term Credit Facility".

3. Section 2.1. Section 2.1 of the Fifth Amended and Restated Credit Agreement is hereby amended in its entirety to state:

2.1 Term Notes. The Non-Revolving Advances shall be evidenced by two (2) promissory notes of Borrower payable to the order of First NBC and Whitney, respectively, each in the original principal amount of SEVEN MILLION FIVE HUNDRED THOUSAND AND NO/100 DOLLARS (\$7,500,000.00) and in the forms set forth as Exhibits "B" and "C" to this Agreement (each such note, together with any and all renewals, modifications, extensions, amendments, supplements and/or substitutions therefor, being sometimes referred to herein individually as a "Term Note" and collectively as the "Term Notes"), with appropriate insertions, each of which shall be dated January 2, 1997 and shall be payable in full on June 30, 2004. All Non-Revolving Advances made by Banks to Borrower pursuant to this Agreement and all payments of principal shall be recorded by Banks on the schedule attached to each Term Note, but Banks' failure to record or to record correctly such Non-Revolving Advances shall in no way affect Borrower's obligation to repay same. Each Term Note shall provide for quarterly installments of principal commencing September 30, 1997, each in an amount equal to one-twenty-eighth (1/28th) of the aggregate amount of all Non-Revolving Advances made by Banks to Borrower during the period from October 24, 1996 through and including June 30, 1997.

4. Section 3.1. The penultimate sentence of Section 3.1 of the Fifth Amended and Restated Credit Agreement is hereby amended by replacing "December 31, 1996 and March 31, 1996" with the phrase "December 31, 1996, March 31, 1997, and June 30, 1997".

5. Section 5.1. New Sections 5.1(c) and 5.1(d) are hereby added to the Fifth Amended and Restated Credit Agreement to state:

(c) As of January 2, 1997, Borrower has granted to First NBC, as Agent for Banks, as security for the Notes and other Obligations, a first priority security interest in all capital stock of Dolphin Sales & Rentals, Inc. ("Dolphin Sales"), Dolphin Steel Sales, Inc. ("Dolphin Steel"), and Dolphin Services, Inc. ("Dolphin Services"), as evidenced by (i) that certain Commercial Pledge and Security Agreement, dated January 2, 1997, by Borrower, as pledgor, in favor of First NBC, as Agent for Banks, as pledgee (the "Stock Pledge") and (ii) that certain UCC-1 Financing Statement by Borrower (the "Stock Pledge Financing Statement"). Dolphin Sales, Dolphin Steel, and Dolphin Services shall be referred to collectively as the "Dolphin Companies", and each such company may be referred to generically as a "Dolphin Company".

(d) As of January 2, 1997, Borrower has caused the Dolphin Companies to guarantee the Notes and Borrower's other Obligations to Banks and to grant mortgages on their respective immovable properties (collectively, the "Dolphin Real Estate") and a security interest in their respective Equipment and Fixtures as security for

the aforesaid guaranties and as direct security for the Notes and Borrower's other Obligations to Banks, as evidenced by:

- (i) That certain Commercial Guaranty by Dolphin Sales, dated January 2, 1997, in favor of First NBC, as Agent for Banks, which secures the Notes and Borrower's other Obligations to Banks (the "Dolphin Sales Guaranty");
- (ii) That certain Commercial Guaranty by Dolphin Steel, dated January 2, 1997, in favor of First NBC, as Agent for Banks, which secures the Notes and Borrower's other Obligations to Banks (the "Dolphin Steel Guaranty");
- (iii) That certain Commercial Guaranty by Dolphin Services, dated January 2, 1997, in favor of First NBC, as Agent for Banks, which secures the Notes and Borrower's other Obligations to Banks (the "Dolphin Services Guaranty");
- (iv) That certain Collateral Mortgage Note by Dolphin Sales, dated January 2, 1997, in the principal sum of \$3,000,000.00, bearing interest at the rate of eighteen percent (18%) per annum, from date until paid, and payable to the order of Bearer (the "Dolphin Sales Note");
- (v) That certain Collateral Mortgage by Dolphin Sales, dated January 2, 1997, in favor of First NBC, as Agent for Banks, and any and all future holders, which mortgage encumbers Dolphin Sales' immovable property in Terrebonne Parish, Louisiana more fully described on Exhibit "L" to this Agreement (the "Dolphin Sales Real Estate") and secures the Dolphin Sales Note (the "Dolphin Sales Mortgage");
- (vi) That certain Pledge of Collateral Mortgage Note, dated January 2, 1997, by Dolphin Sales to First NBC, as Agent for Banks, with respect to the Dolphin Sales Note, which secures the Notes, Borrower's other Obligations to Banks, and the Dolphin Sales Guaranty (the "Dolphin Sales Pledge");
- (vii) That certain Collateral Mortgage Note by Dolphin Services, dated January 2, 1997, in the principal sum of \$3,000,000.00, bearing interest at the rate of eighteen percent (18%) per annum, from date until paid, and payable to the order of Bearer (the "Dolphin Services Note");
- (viii) That certain Collateral Mortgage by Dolphin Services, dated January 2, 1997, in favor of First NBC, as Agent for Banks, and any and all future holders, which mortgage encumbers Dolphin Services' immovable property in Terrebonne Parish, Louisiana more fully described on Exhibit "M" to this Agreement (the "Dolphin Services Real Estate") and secures the Dolphin Services Note (the "Dolphin Services Mortgage");
- (ix) That certain Pledge of Collateral Mortgage Note, dated January 2, 1997, by Dolphin Services to First NBC, as Agent for Banks, with respect to the Dolphin Services Note, which secures the Notes, Borrower's other Obligations to Banks, and the Dolphin Services Guaranty (the "Dolphin Services Pledge");
- (x) That certain Commercial Security Agreement, dated January 2, 1997, by Dolphin Sales, as grantor, in favor of First NBC, as Agent for Banks, creating a security interest in Dolphin Sales' Equipment and Fixtures, as security for the Notes, Borrower's other Obligations to Banks, and the Dolphin Sales

Guaranty (the "Dolphin Sales Security Agreement");

- (xi) A UCC-1 Financing Statement executed by Dolphin Sales in connection with the Dolphin Sales Security Agreement;
- (xii) That certain Commercial Security Agreement, dated January 2, 1997, by Dolphin Steel, as grantor, in favor of First NBC, as Agent for Banks, creating a security interest in Dolphin Steel's Equipment and Fixtures, as security for the Notes, Borrower's other Obligations to Banks, and the Dolphin Steel Guaranty (the "Dolphin Steel Security Agreement");
- (xiii) A UCC-1 Financing Statement executed by Dolphin Steel in connection with the Dolphin Steel Security Agreement;
- (xiv) That certain Commercial Security Agreement, dated January 2, 1997, by Dolphin Services, as grantor, in favor of First NBC, as Agent for Banks, creating a security interest in Dolphin Services' Equipment and Fixtures, as security for the Notes, Borrower's other Obligations to Banks, and the Dolphin Services Guaranty (the "Dolphin Services Security Agreement"); and
- (xv) A UCC-1 Financing Statement executed by Dolphin Services in connection with the Dolphin Services Security Agreement.

6. Section 6. Section 6 of the Fifth Amended and Restated Credit Agreement is hereby amended in its entirety to state:

Section 6. Representations and Warranties of Borrower.

Borrower represents and warrants to Banks and Agent that:

6.1 Corporate Existence. Each of Borrower and its Subsidiaries is a corporation duly organized, validly existing and in good standing under the laws of the State of Louisiana; and each of Borrower and its Subsidiaries has all necessary corporate power and authority to acquire, own and hold the property and all other properties it purports to own and hold and to carry on its business as now conducted.

6.2 Authorization; Validity. Each of Borrower and its Subsidiaries is and/or has been duly authorized to execute and deliver this Agreement and all other Loan Documents to which such Borrower or Subsidiary is a party and to perform its obligations under this Agreement and all other Loan Documents to which such Borrower or Subsidiary is a party. Borrower is duly authorized and will continue to be duly authorized to borrow money hereunder. Each of this Agreement and the other Loan Documents to which Borrower or one of its Subsidiaries is a party, as executed and delivered, constitutes the legal, valid and binding obligation of Borrower and/or such Subsidiary, enforceable in accordance with the respective terms thereof.

6.3 No Conflicts. The execution and delivery of the Loan Documents and the performance by each of Borrower and its Subsidiaries of its obligations thereunder do not and will not conflict with any provision of law or of the charter or by-laws of Borrower or such Subsidiary or of any agreement binding upon Borrower or such Subsidiary, as the case may be.

6.4 Financial Statements. Borrower's audited financial statement as of December 31, 1995, a copy of which has been furnished to Banks, has been prepared in conformity with GAAP applied on a basis consistent with that of the preceding fiscal year and period, presents fairly the financial condition of Borrower as of such date and the results of its operations for the periods then ended. Borrower's unaudited financial statement as of September 30, 1996, a copy of which has been previously furnished to Banks, except for the absence

of footnotes normally associated with financial statements prepared in accordance with GAAP, has been prepared in conformity with GAAP and presents fairly the financial condition of Borrower as of such date and the results of its operations for the periods then ended. Since December 31, 1995, there has been no material adverse change in Borrower's financial condition. Since December 31, 1996, there has been no material adverse change in the financial condition of any of Borrower's Subsidiaries.

6.5 Litigation. To the best of Borrower's knowledge, after due inquiry, no litigation or governmental proceedings are pending or threatened against Borrower or any of its Subsidiaries, the results of which might materially affect Borrower's or such Subsidiary's financial condition or operations, except those referred to in a schedule furnished contemporaneously herewith and attached hereto as Schedule 1. Other than any liability incident to such litigation or proceedings or provided for or disclosed in the financial statements referred to in Section 6.4, Borrower does not have any material contingent liabilities. No Subsidiary has any material contingent liability other than those imposed by the Dolphin Guaranties and the other Dolphin Security Instruments.

6.6 Liens. None of the assets of Borrower or any of its Subsidiaries with a net book value of greater than \$25,000.00 is subject to any Lien, except for the Liens created pursuant to the Collateral Documents and Permitted Liens.

6.7 Subsidiaries. Borrower has no Subsidiaries other than the Dolphin Companies, and no Dolphin Company has any Subsidiaries.

6.8 Purpose. The proceeds of the Revolving Credit Facility shall be used by Borrower only for the support of working capital and for other general corporate purposes. The proceeds of the Term Credit Facility shall be used by Borrower only to make capital improvements to the Real Property, to acquire additional Equipment to be located on the Real Property or on the Dolphin Real Estate, and to fund Borrower's acquisition of the Dolphin Companies.

6.9 Use of Proceeds; Margin Securities. Borrower is not engaged in the business of purchasing or selling margin stock (as defined in Regulation U of the Board of Governors of the Federal Reserve System) or extending credit to others for the purpose of purchasing or carrying margin stock and, without limiting the generality of Section 6.8 hereof, no part of the proceeds of any borrowing hereunder will be used to purchase or carry any margin stock or for any other purpose which would violate any of the margin regulations of such Board of Governors.

6.10 Compliance with ERISA. Each of Borrower and its Subsidiaries is in compliance with all statutes and governmental rules and regulations applicable to it, including, without limitation, the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). No condition exists or event or transaction has occurred in connection with any plan, as defined in Sections 3(3) and 3(37) of ERISA, maintained by Borrower or any of its Subsidiaries (any such plan being hereinafter called the "Plan"), which could result in Borrower's or such Subsidiary's incurring any material liability, fine or penalty. No Reportable Event (as defined in ERISA) has occurred with respect to any such Plan. Neither Borrower nor any of its Subsidiaries has withdrawn from any such Plan or initiated steps to do so and no steps have been taken to terminate any such Plan.

6.11 Consents. No consent, approval or authorization of, or registration or declaration with, any federal or state governmental authority or other regulatory agent for the validity of the execution and delivery or for the performance by Borrower or any of its Subsidiaries of the Loan Documents is required.

6.12 Tax Returns. Each of Borrower and its

Subsidiaries has filed all tax returns which are required to be filed by any jurisdiction, and has paid all taxes which have become due pursuant to said returns or pursuant to any assessments.

6.13 Ownership of Borrower and Subsidiaries. No less than forty-five percent (45%) of the issued and outstanding stock of Borrower is owned by the Labordes and no less than forty-five percent (45%) of the issued and outstanding stock of Borrower is owned by the Wilsons. Borrower owns one hundred percent (100%) of the issued and outstanding stock of each Dolphin Company.

6.14 Operation of Business. Each of Borrower and its Subsidiaries possesses all licenses, permits, franchises, patents, copyrights, trademarks and trade names, or rights thereto, to conduct its business substantially as now conducted and as presently proposed to be conducted, and neither Borrower nor any of its Subsidiaries is in violation of any valid rights of others with respect to any of the foregoing.

6.15 Rights in Properties; Liens. Each of Borrower and its Subsidiaries has good and indefeasible title to its properties and assets, real and personal, including the properties and assets reflected in the financial statements described in Section 6.4 hereof, and none of the properties, assets or leasehold interests of Borrower or any Subsidiary is subject to any Lien, except as permitted by Section 7.11 hereof.

6.16 Debt. Borrower has no Debt, except as disclosed in the financial statements described in Section 6.4 hereof and as otherwise permitted by this Agreement. No Subsidiary of Borrower has any Debt except as owed to Borrower or as otherwise permitted by this Agreement.

6.17 Disclosure. No statement, information, report, representation or warranty made by Borrower or any of its Subsidiaries in this Agreement or in any of the other Loan Documents or furnished by Borrower or any of its Subsidiaries to Banks or Agent in connection with the negotiation or preparation of this Agreement, or any amendment hereto, contains any untrue statement of a material fact or omits to state any material fact necessary to make the statements herein or therein not misleading. There is no fact known to Borrower or to any of its Subsidiaries that has not been disclosed in writing to Banks which has a material adverse effect, or which might in the future have a material adverse effect, on the business, assets, financial condition or operations of Borrower, any of its Subsidiaries or on the Collateral.

6.18 Registered Office; Principal Place of Business; Location of Collateral. The principal place of business, chief executive office and registered office of Borrower and the place where Borrower keeps its books and records and all Collateral is located on the Real Property. The principal place of business, chief executive office and registered office of each of the Dolphin Companies and the place where each of the Dolphin Companies keeps its books and records and all collateral encumbered by the Dolphin Security Agreements is located in Terrebonne Parish, Louisiana (with the exception of certain collateral encumbered by the Dolphin Security Agreements which is, from time to time and in the ordinary course of the Dolphin Companies' businesses, temporarily located at job sites outside of Terrebonne Parish). Borrower has always maintained its registered office in either Terrebonne or East Baton Rouge Parish, Louisiana, and each of the Dolphin Companies has always maintained its registered office in Terrebonne Parish, Louisiana. Neither Borrower nor any of its Subsidiaries does, or has ever done, any business from any location other than as set forth in this Section. No Person other than Borrower, the Dolphin Companies, Agent and Banks has possession of any of the Collateral.

6.19 Investment Company Act. Neither Borrower nor any of its Subsidiaries is an "Investment Company" within the meaning of the Investment Company Act of

1940, as amended.

6.20 Other Agreements. With the exception of construction contracts entered into by Borrower or one of its Subsidiaries in the ordinary course of Borrower's or such Subsidiary's business, neither Borrower nor any of its Subsidiaries is a party to any indenture, loan or credit agreement, or to any lease or other agreement or instrument, or subject to any charter of corporate restriction which could have a material adverse effect on the business, properties, assets, operations or conditions, financial or otherwise, of Borrower or such Subsidiary, or the ability of Borrower or such Subsidiary to pay and perform its obligations under the Loan Documents to which it is a party. Neither Borrower nor any of its Subsidiaries is in default in any respect in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in any agreement or instrument material to its business to which it is a party.

6.21 Compliance with Law. Each of Borrower and its Subsidiaries is in compliance with all laws, rules, regulations, orders and decrees which are applicable to Borrower, its Subsidiaries or any of their respective properties. Without limiting the generality of the foregoing:

- (a) Employment Matters. Each of Borrower and its Subsidiaries is in full compliance with all applicable laws, rules, regulations and governmental standards regarding employment, including, without limitation, the minimum wage and overtime provisions of the Fair Labor Standards Act, as amended (29 U.S.C. Sections 201 - 219), and the regulations promulgated thereunder.
- (b) Environmental Matters.
 - (i) Each of Borrower and its Subsidiaries and all of their respective properties, assets and operations are in full compliance with all Environmental Laws. Neither Borrower nor any of its Subsidiaries is aware of or has received notice of, any past, present or future conditions, events, activities, practices or incidents which may interfere with or prevent the compliance or continued compliance of Borrower or any of its Subsidiaries with all Environmental Laws.
 - (ii) With the exception of the permits specifically referred to in Section 7.8 hereof, each of which Borrower or its Subsidiaries shall obtain and/or file, as the case may be, in accordance with the terms of Section 7.8, each of Borrower and its Subsidiaries has obtained all permits, licenses and authorizations and has filed all plans which are required under Environmental Laws in order to conduct its business and/or own its properties and assets including without limitation all Louisiana air emission permits required under any Environmental Law in order to conduct Borrower's or such Subsidiary's business and/or own its assets or properties.
 - (iii) Each of Borrower and its Subsidiaries has on file an SPCC Plan as required under applicable Environmental Laws in connection with Borrower's storage of petroleum on the Real Property or, if applicable, in connection with a Subsidiary's storage of petroleum on its immovable property.
 - (iv) No Hazardous Substances or Solid Wastes exist on, about or within or have been used, generated, stored, transported, disposed of on, or released from any of the properties or assets of Borrower or any of its Subsidiaries except in compliance with Environmental Laws.

- (v) There is no action, suit, proceeding, investigation or inquiry before any court, administrative agency or other governmental authority pending or, to the knowledge of Borrower or any of its Subsidiaries, threatened against Borrower or any of its Subsidiaries relating in any way to any Environmental Law. Neither Borrower nor any of its Subsidiaries has (A) been notified of any liability for remedial action under any Environmental Law, (B) received any request for information by any governmental authority with respect to the condition, use or operation of any of its properties or assets, or (C) received any notice from any governmental authority or other Person with respect to any violation of or liability under any Environmental Law.

6.22 Corporate Name. The exact corporate name of Borrower as it appears in its articles of incorporation is as set forth in the introduction of this Agreement and, with the exception of doing business under the name GIFI, Inc., Borrower has never done any business in any location under any other name. The exact corporate name of each Dolphin Company as it appears in its articles of incorporation is as set forth in Section 5.1(c) of this Agreement, and no Dolphin Company has ever done any business in any location under any other name.

6.23 Collateral. The Collateral Documents create in favor of Banks, and/or Agent for the benefit of Banks, valid, enforceable and perfected Liens on the properties described therein, which Liens secure the payment and performance of the obligations of Borrower and its Subsidiaries to Banks described in the Collateral Documents, and which Liens are superior to the rights of all third Persons, whether now existing or hereafter arising.

6.24 Taxpayer I.D. Numbers. Borrower's Federal Taxpayer Identification Number is 72-1147390. Dolphin Services' Federal Taxpayer Identification Number is 72-0890896; Dolphin Sales' Federal Taxpayer Identification Number is 72-1092285; and Dolphin Steel's Federal Taxpayer Identification Number is 72-1092757.

7. Section 7. Section 7 of the Fifth Amended and Restated Credit Agreement is hereby amended in its entirety to state:

Section 7. Borrower's Covenants.

From the date of this Agreement and thereafter until the expiration or termination of the Commitments, and until the Notes and other liabilities of Borrower hereunder are paid in full and all other obligations and liabilities under the Loan Documents are performed and paid in full, Borrower agrees that it will:

7.1 Financial Statements. Furnish to Agent:

- (a) within one hundred twenty (120) days after the end of each fiscal year, a copy of Borrower's financial statements (describing assets, liabilities, and results of operations both for Borrower individually and for Borrower and its Subsidiaries on a consolidated basis), audited by independent certified public accountants of nationally recognized standing selected by Borrower and reasonably satisfactory to Banks, prepared in conformity with GAAP;
- (b) within forty-five (45) days after the end of each month, a copy of Borrower's unaudited financial statements (describing assets, liabilities, and results of operations both for Borrower individually and for Borrower and its Subsidiaries on a consolidated basis) prepared in conformity with GAAP, except for the absence of footnotes normally associated with financial statements

prepared in accordance with GAAP;

- (c) together with the financial statements furnished by Borrower under preceding clause (a), a certificate of the president or chief financial officer of Borrower to the effect that no Event of Default with respect to Borrower, or event which might mature into an Event of Default with respect to Borrower, has occurred and is continuing;
- (d) forthwith upon the occurrence of an Event of Default, a certificate of the president or chief financial officer of Borrower specifying the nature and the period of existence thereof and what action Borrower proposes to take with respect thereto;
- (e) written notice of any and all litigation affecting Borrower or any of its Subsidiaries, directly or indirectly; provided, however, this requirement shall not apply to litigation involving Borrower or one of its Subsidiaries and any other party if such litigation involves, in the aggregate, less than \$100,000.00;
- (f) prompt notice of any change in the present officers, directors and/or stockholders of Borrower or any of its Subsidiaries; and
- (g) from time to time, such other information as Banks may reasonably request.

7.2 Access. Permit access, and cause its Subsidiaries to permit access, by Banks and Agent to the books and records and other property of Borrower and its Subsidiaries during normal business hours and upon reasonable notice and permit, and cause its Subsidiaries to permit, Banks to make copies of said books and records.

7.3 Insurance. Maintain, and cause its Subsidiaries to maintain, with financially sound and reputable insurance companies workmen's compensation insurance, liability insurance and insurance on Borrower's and its Subsidiaries' property, assets and business at least to such extent and against such hazards and liabilities as is commonly maintained by similar companies and, in addition to the foregoing insurance, such insurance as may be required in the Collateral Documents. In the case of property (whether owned by Borrower or by one of its Subsidiaries) in which Banks or Agent has a Lien, Borrower shall provide, and shall cause its Subsidiaries to provide, Agent with duplicate originals or certified copies of such policies of insurance in such forms and amounts, and containing such terms and conditions, as are satisfactory to Banks, naming Banks as additional loss payees and as additional insureds as their interests may appear and providing that such policies will not be canceled without thirty (30) days' prior written notice to Banks.

7.4 Repair. Maintain, preserve and keep, and cause its Subsidiaries to maintain, preserve, and keep, Borrower's and such Subsidiaries' properties in good repair, working order and condition, and make, and cause its Subsidiaries to make, necessary and proper repairs, renewals and replacements so that Borrower's and its Subsidiaries' business carried on in connection therewith may be properly conducted at all times.

7.5 Taxes. Pay or discharge, and cause its Subsidiaries to pay and discharge, at or before maturity or before becoming delinquent (a) all taxes, levies, assessments and governmental charges imposed on Borrower or any of its Subsidiaries or its income or profits or any of its property, and (b) all lawful claims for labor, materials and supplies which, if

unpaid, might become a Lien upon any of Borrower's property or the property of any of its Subsidiaries; provided, however, that neither Borrower nor any Subsidiary shall be required to pay or discharge any tax, levy, assessment or governmental charge which is being contested in good faith by appropriate proceedings diligently pursued.

7.6 Corporate Existence. Maintain its corporate existence in good standing and cause its Subsidiaries to maintain their respective corporate existences in good standing.

7.7 Merger. Without the prior written consent of Banks, not, and cause each of its Subsidiaries not to:

- (a) be a party to any merger or consolidation (other than a merger of one or more of the Dolphin Companies into another Dolphin Company or a merger of one or more of the Dolphin Companies into Borrower, in either event followed by notice to Banks of the merger delivered within ten (10) days after the merger becomes effective);
- (b) except in the normal course of its business, sell, transfer, convey, or lease all or any substantial part of Borrower's or a Subsidiary's assets;
- (c) sell or assign, except in the normal course of Borrower's business or the business of one of its Subsidiaries, with or without recourse, any accounts receivable or chattel paper.

7.8 Compliance. Comply, and cause its Subsidiaries to comply, with all statutes, laws, ordinances, orders, rules and regulations applicable to Borrower or such Subsidiary, including, without limitation, all Environmental Laws and ERISA; provided, however, Borrower and its Subsidiaries shall be deemed to be in compliance with this requirement for such time as Borrower or one of its Subsidiaries may be contesting, in good faith and with diligence by appropriate proceedings, any alleged violation of any statute, rule or regulation. Borrower shall not permit, and shall cause each of its Subsidiaries not to permit, any condition to exist in connection with any Plan which might constitute grounds for the PBGC to institute proceedings to have such Plan terminated or a trustee appointed to administer such Plan, and Borrower shall not engage in, or permit to exist or occur, and shall cause its Subsidiaries not to engage in or permit to occur or exist, any other condition, event or transaction with respect to, any such Plan which could result in Borrower or one of its Subsidiaries incurring any material liability, fine or penalty.

Without limiting the generality of the foregoing, Borrower shall comply, and shall cause each of its Subsidiaries to comply, fully with and maintain in effect any and all environmental permits and licenses required under any Environmental Law in order to conduct Borrower's or such Subsidiary's business. To the extent such permits are required but have not been obtained, or to the extent such existing permits must be modified or renewed, Borrower shall make, and shall cause its Subsidiaries to make, timely application for and obtain all such permits, modifications or renewals thereof, as the case may be, including, but not limited to, necessary federal and/or state water discharge, air emission and waste management permits.

As often as Banks or Agent may require, Borrower shall submit to Agent written progress reports addressing the status of environmental permits and plans required of Borrower or any of its Subsidiaries, including pending permit applications. All permits required hereunder shall be obtained and/or filed, as the case may be, within six (6) months from the effective date hereof.

Anything contained herein to the contrary

notwithstanding, Borrower shall not use, or permit any of its Subsidiaries to use, any of the properties of Borrower or of one of Borrower's Subsidiaries or allow such properties to be used for the storage, treatment or disposal of Solid Waste or Hazardous Substances except in the ordinary course of Borrower's or such Subsidiary's business and in compliance with the terms or any applicable Environmental Law or permit.

7.9 Use of Proceeds. Not use or permit any proceeds of the Loans to be used, either directly or indirectly, for the purpose, whether immediate, incidental or ultimate, of "purchasing or carrying any margin stock" within the meaning of Regulation U of the Board of Governors of the Federal Reserve System, as amended from time to time, and furnish to Banks, upon either of their requests, a statement in conformity with the requirements of Federal Reserve Form U-1 referred to in Regulation U of the Board of Governors of the Federal Reserve System.

7.10 Financial Covenants. Maintain, on a consolidated basis with all of its Subsidiaries,

- (a) a ratio of current assets to current liabilities, as determined in accordance with GAAP, in excess of 1.33 to 1;
- (b) a minimum Net Worth of NINETEEN MILLION AND NO/100 DOLLARS (\$19,000,000.00) for the period commencing September 30, 1996 and ending December 31, 1997; a minimum Net Worth of TWENTY-ONE MILLION AND NO/100 DOLLARS (\$21,000,000.00) for the period January 1, 1998 through December 31, 1998, and a minimum Net Worth of TWENTY-THREE MILLION AND NO/100 DOLLARS (\$23,000,000.00) from and including January 1, 1999 and thereafter;
- (c) a ratio of Debt to Net Worth no greater than 1.1 to 1; and
- (d) a ratio of Cash Flow to Debt Service of at least 1.5 to 1, such ratio to be determined as of the end of each fiscal quarter by giving effect to such fiscal quarter and the three (3) immediately preceding fiscal quarters; provided that there shall be no Event of Default under this Section 7.10(d) unless Borrower fails to meet the ratio described in this Section 7.10(d) for three (3) successive fiscal quarters.

7.11 Liens. Not create, incur, or suffer to exist, and not permit any of Borrower's Subsidiaries to create, incur or suffer to exist, any Lien on any of Borrower's property or on the property of Borrower's Subsidiaries except ((a) through (g) of this Section being referred to collectively as the "Permitted Liens"):

- (a) those for taxes, assessments or governmental charges or levies if the same shall not at the time be delinquent or thereafter can be paid without penalty, or are being contested in good faith and by appropriate proceedings;
- (b) those imposed by law, such as carriers', warehousemen's and mechanics' liens and other similar liens arising in the ordinary course of business which secure payment of obligations not more than sixty (60) days past due;
- (c) those arising out of pledges or deposits under workmen's compensation laws, unemployment insurance, old age pensions, or other social security or retirement benefits, or similar legislation;

- (d) utility easements, building restrictions and such other encumbrances or charges against real property as are of a nature generally existing with respect to properties of a similar character and which do not in any material way affect the marketability of the same or interfere with the use thereof in the business of Borrower or of any of Borrower's Subsidiaries;
- (e) lessors' interests under financing leases;
- (f) liens on assets of Borrower and its Subsidiaries not covered by the Loan Documents which liens secure obligations of Borrower or its Subsidiaries in the ordinary course of business which in the aggregate for all such obligations of Borrower and its Subsidiaries do not exceed \$250,000.00; and
- (g) the Liens created pursuant to the Loan Documents.

7.12 Debt. Not create or permit to exist, and not allow any of Borrower's Subsidiaries to create or permit to exist, any Debt without the prior written consent of Banks, if, as a result thereof, exclusive of the indebtedness contemplated by this Agreement, the aggregate amount of Debt of Borrower and its Subsidiaries would exceed the sum of \$250,000.00; provided, however, that any Subsidiary may incur Debt owed to Borrower and such Debt owed to Borrower shall not be included in the \$250,000.00 limit.

7.13 Redemptions, etc. Not, without the prior written approval of Banks: (1) redeem, purchase or acquire, directly or indirectly, any of Borrower's stock; (2) authorize or issue additional stock in Borrower of any class; (3) authorize any new class of stock in Borrower; (4) authorize any currently existing or new classes of stock in Borrower to become voting stock; or (5) sell or transfer any treasury shares of stock in Borrower. Provided, however, subparts (2) through (5) of this Section 7.13 shall not apply except to the extent that as a result thereof either (a) the Labordes would fail to retain at least forty-five percent (45%) of the issued and outstanding stock of Borrower, or (b) the Wilsons would fail to retain at least forty-five percent (45%) of the issued and outstanding stock of Borrower. For purposes of this Section 7.13, the Labordes and the Wilsons shall be deemed owners of the issued and outstanding stock of Borrower with respect to any issued and outstanding stock that is owned either by the Labordes or the Wilsons, any descendant of the Labordes or the Wilsons, any trust for the exclusive benefit of the Labordes or the Wilsons or any descendant of the Labordes or the Wilsons, or the respective estates of the Labordes or the Wilsons or any descendant of the Labordes or the Wilsons if said stock will ultimately pass from the respective estates of the Labordes or the Wilsons to a descendant or a trust for the exclusive benefit of a descendant of the Labordes or the Wilsons.

7.14 Capital Expenditures. Not make capital expenditures, directly or through a Subsidiary, which would exceed \$9,000,000.00 in calendar year 1996; \$8,000,000.00 in calendar year 1997 (in addition to and excluding the purchase price paid by Borrower for the Dolphin Companies); or \$2,000,000.00 per calendar year thereafter.

7.15 Dividends. Not declare or pay any dividends or make any other distribution on account of, or purchase, acquire, redeem or retire any capital stock of, Borrower, whether now or hereafter outstanding, provided that, so long as there is no Event of Default hereunder and Borrower continues as an S Corporation, Borrower shall be permitted to pay the following cash dividends on a cumulative basis, to-wit:

- (a) commencing with Borrower's first fiscal

quarter 1996 and with respect to each fiscal quarter thereafter, regular dividends not to exceed 40% of Borrower's pretax income earned in the fiscal quarter immediately prior to the fiscal quarter in question, as determined in accordance with GAAP; and

- (b) commencing annually in 1996, special dividends not to exceed 65% of Borrower's pretax income earned in the fiscal year of Borrower immediately prior to the fiscal year in question, as determined in accordance with GAAP and as provided in the audited financial statements furnished to Agent pursuant to Section 7.1(a) hereof, less the sum of dividends paid in the 2nd, 3rd, and 4th fiscal quarters of such prior fiscal year and dividends paid in the 1st fiscal quarter of the fiscal year in question.

7.16 Shareholder or Employee Loans. Not make, and not permit any Subsidiary to make, advances or loans to employees of Borrower or any Subsidiary or shareholders of Borrower which exceed the aggregate amount of \$100,000.00.

7.17 Change in Business. Carry on and conduct, and cause its Subsidiaries to carry on and conduct, the business of Borrower and each of its Subsidiaries in substantially the same manner and in substantially the same fields of enterprise as such businesses are presently conducted; provided, however, that the foregoing shall not prevent Borrower or one of its Subsidiaries from engaging in new and additional activities as long as said activities are in substantially the same fields of enterprise as are currently being engaged in by Borrower and the Dolphin Companies.

7.18 Accounts Receivable. Provide, and cause Dolphin Services to provide, Banks with aging reports of Borrower's and Dolphin Services' accounts receivable on a monthly basis.

7.19 Compliance with Agreements. Comply with, and cause each of its Subsidiaries to comply with, all indentures, mortgages, deeds of trust and other agreements binding on Borrower or any Subsidiary or affecting its properties or business.

7.20 Further Assurances. Execute and deliver, and cause its Subsidiaries to execute and deliver, such further documentation as may be requested by Banks or Agent to carry out the provisions and purposes of this Agreement and the other Loan Documents and to preserve and perfect the Liens of Banks or Agent for the benefit of Banks, as the case may be, in the Collateral.

7.21 Disposition of Assets. Not sell, lease, assign, transfer or otherwise dispose of, and shall cause each of its Subsidiaries not to sell, lease, assign, transfer or otherwise dispose of, any of its assets, except dispositions of inventory and equipment in the ordinary course of business and as otherwise provided in this Agreement.

7.22 Change Tax I.D. Number. Not change, and cause its Subsidiaries not to change, any of the Federal Taxpayer Identification Numbers set forth in Section 6.24 hereof without giving Agent at least sixty (60) days' prior written notice.

7.23 Indemnity. Indemnify, defend and hold Agent and Banks and their respective directors, officers, agents, attorneys and employees harmless from and against all claims, demands, causes of action, liabilities, losses, costs and expenses (including, without limitation, costs of suit, reasonable legal fees and fees of expert witnesses) arising from or in connection with (a) the presence in, on or under any property of Borrower or of any Subsidiary of Borrower (including, without limitation, the Real Property, the

GIFI Property, and the Dolphin Real Estate) of any Hazardous Substance or Solid Waste, or any releases or discharges (as the terms "release" and "discharge" are defined under any applicable Environmental Law) of any Hazardous Substance or Solid Waste on, under or from such property, (b) any activity carried on or undertaken on or off such property of Borrower or of any of its Subsidiaries, whether prior to or during the term of this Agreement, and whether by Borrower, any of its Subsidiaries or any predecessor in title to Borrower's or such Subsidiary's property or any officers, employees, agents, contractors or subcontractors of Borrower, any Subsidiary of Borrower or any predecessor in title to the property of Borrower or such Subsidiary, or any third persons at any time occupying or present on such property, in connection with the handling, use, generation, manufacture, treatment, removal, storage, decontamination, clean-up, transportation or disposal of any Hazardous Substance or Solid Waste at any time located or present on or under any of the aforescribed property, or (c) any breach of any representation, warranty or covenant under the terms of this Agreement. The foregoing indemnity shall further apply to any residual contamination on or under any or all of the aforescribed property, or affecting any natural resources, and to any contamination of any property or natural resources arising in connection with the use, handling, storage, transportation or disposal of any Hazardous Substance or Solid Waste, and irrespective of whether any of such activities were or will be undertaken in accordance with applicable laws, regulations, codes and ordinances. The indemnity described in this Section shall survive the termination of this Agreement for any reason whatsoever.

7.24 GIFI Property and Dolphin Real Estate. Not create a Lien on the GIFI Property, or permit any Subsidiary to create a Lien on the Dolphin Real Estate, in favor of, or otherwise convey, or permit a Subsidiary to convey, the GIFI Property or the Dolphin Real Estate to any Person without the prior written consent of Banks.

8. Section 10.4. Section 10.4 of the Fifth Amended and Restated Credit Agreement is hereby amended in its entirety to state:

10.4 Insolvency. Borrower or any Subsidiary of Borrower becomes insolvent or admits in writing its inability to pay its debts as they mature or applies for, consents to, or acquiesces in the appointment of a trustee or receiver for Borrower, such Subsidiary or any property of Borrower or of such Subsidiary; or, in the absence of such application, consent or acquiescence, a trustee or receiver is appointed for Borrower, for any Subsidiary of Borrower or for a substantial part of any property of either Borrower or of any of its Subsidiaries and is not discharged within thirty (30) days; or any bankruptcy, reorganization, debt arrangement, or other proceeding under any bankruptcy or insolvency law, or any dissolution or liquidation proceeding is instituted by or against Borrower or any of Borrower's Subsidiaries, and if instituted against Borrower or one of Borrower's Subsidiaries, it is consented to or acquiesced in by Borrower or such Subsidiary, or remains for thirty (30) days undismissed; or any warrant of attachment is issued against any substantial portion of the property of Borrower or of any Subsidiary of Borrower which is not released within thirty (30) days of service;

9. Section 10.5. Section 10.5 of the Fifth Amended and Restated Credit Agreement is hereby amended to insert the phrase "...or by any Subsidiary of Borrower..." immediately following the word "Borrower" in the second line thereof.

10. Section 10.9. A new section 10.9 is hereby added to the Fifth Amended and Restated Credit Agreement to state:

10.9 Subsidiary Default. Any Subsidiary of Borrower defaults on the payment of any amount due Banks under any Loan Document to which such Subsidiary is a party, which default shall continue for a period of five (5) days following written notice thereof to

Borrower from Banks or Agent; any representation or warranty made by a Subsidiary of Borrower under any Loan Document is untrue in any material respect as of the date made, or any schedule, statement, report, notice or writing furnished by a Subsidiary of Borrower to Banks is untrue in any material respect on the date as of which the facts set forth are stated or certified, which default shall continue for a period of thirty (30) days after written notice thereof to Borrower from Banks or Agent; or any Subsidiary of Borrower defaults in the performance of any other covenant and/or agreement set forth in any Loan Document to which such Subsidiary is a party, which default shall continue for a period of thirty (30) days after written notice thereof to Borrower from Banks or Agent.

11. Section 12.1. Section 12.1 of the Fifth Amended and Restated Credit Agreement is hereby amended to include the following substituted or additional definitions:

"Agreement" means this Fifth Amended and Restated Revolving Credit and Term Loan Agreement, as it has been amended by that certain First Amendment to Fifth Amended and Restated Revolving Credit and Term Loan Agreement and as it may be further amended, restated, modified and/or supplemented from time to time in the future.

"Collateral Documents" means the GIF Collateral Mortgage, the GIF Collateral Chattel Mortgages, the GIF Collateral Chattel Mortgage, the Lease Assignment, the Real Property Collateral Mortgage, the Security Agreement, the Financing Statement, the Stock Pledge, the Stock Pledge Financing Statement, the Dolphin Security Instruments and any and all other documents, instruments and agreements delivered to Agent or Banks to secure the Loans and/or any other obligations described in this Agreement, as the foregoing may be amended, modified or supplemented from time to time.

"Conversion Date" means June 30, 1997, the date on which all previously made Non-Revolving Advances shall automatically convert to a term loan in accordance with Section 1.1 hereof.

"Debt" means: (a) all obligations of Borrower or of any of Borrower's Subsidiaries for borrowed money, (b) all obligations of Borrower or of any of Borrower's Subsidiaries evidenced by bonds, notes, debentures or other similar instruments, (c) all obligations of Borrower or of any of Borrower's Subsidiaries to pay the deferred purchase price of property or services, except trade accounts payable by Borrower or by any of Borrower's Subsidiaries arising in the ordinary course of business which are not past due by more than sixty (60) days unless such trade accounts payable are being contested in good faith by appropriate proceedings, (d) all obligations of Borrower or of any of Borrower's Subsidiaries under any Capitalized Leases, (e) all obligations of Borrower or of any of Borrower's Subsidiaries under guaranties, endorsements (other than for collection or deposit in the ordinary course of business), assumptions or other contingent obligations, in respect of, or to purchaser or otherwise acquire, any obligation or indebtedness of Borrower or of any of Borrower's Subsidiaries, or any other obligations, contingent or otherwise, (f) all obligations secured by a Lien (except trade accounts payable by Borrower or by any of Borrower's Subsidiaries arising in the ordinary course of business which are not past due by more than sixty (60) days unless such trade accounts payable are being contested in good faith by appropriate proceedings secured by a vendor's lien) existing on property owned by Borrower or by any of Borrower's Subsidiaries, whether or not the obligations secured thereby have been assumed by Borrower or by any of Borrower's Subsidiaries or are non-recourse to the credit of Borrower or of any of Borrower's Subsidiaries, (g) all reimbursement obligations of Borrower or of any of Borrower's Subsidiaries, other than performance bonds of Borrower or of any of Borrower's Subsidiaries (whether contingent or otherwise), relating to letters of credit, bankers' acceptances and similar instruments,

and (h) all liabilities of Borrower or of any of Borrower's Subsidiaries in respect of unfunded vested benefits under any Plan; provided, however, the term "Debt" shall not include money borrowed by Borrower or by any of Borrower's Subsidiaries to pay premiums on insurance policies obtained by Borrower or by any of Borrower's Subsidiaries in the ordinary course of Borrower's or of any of Borrower's Subsidiaries' business.

"Debt Service" means, for any period in question, the sum of (a) all interest due and payable by Borrower or by any of Borrower's Subsidiaries to any Person during such period and (b) the aggregate amount of all principal due and payable during such period under this Agreement and any of the other Loan Documents.

"Eligible Receivables" shall mean, as of any date, an amount equal to the aggregate invoice amount owing on all trade accounts receivable of Borrower or of any of Borrower's Subsidiaries for goods sold, after deducting each such account that is unpaid ninety (90) days after the original invoice date thereof.

"Dolphin Companies" has the meaning ascribed in Section 5.1(c) above, and "Dolphin Company" likewise has the meaning ascribed in Section 5.1(c) above.

"Dolphin Guaranties" means, collectively, the Dolphin Sales Guaranty, the Dolphin Services Guaranty, and the Dolphin Steel Guaranty, and each of such guaranties may be referred to generically as a "Dolphin Guaranty".

"Dolphin Mortgage Instruments" means, collectively, the Dolphin Sales Note, the Dolphin Sales Mortgage, the Dolphin Sales Pledge, the Dolphin Services Note, the Dolphin Services Mortgage, and the Dolphin Services Pledge, and each of such instruments may be referred to generically as a "Dolphin Mortgage Instrument".

"Dolphin Real Estate" has the meaning ascribed in Section 5.1(d) above.

"Dolphin Sales" has the meaning ascribed in Section 5.1(c) above.

"Dolphin Sales Guaranty" has the meaning ascribed in Section 5.1(d) above.

"Dolphin Sales Mortgage" has the meaning ascribed in Section 5.1(d) above.

"Dolphin Sales Note" has the meaning ascribed in Section 5.1(d) above.

"Dolphin Sales Pledge" has the meaning ascribed in Section 5.1(d) above.

"Dolphin Sales Real Estate" has the meaning ascribed in Section 5.1(d) above.

"Dolphin Sales Security Agreement" has the meaning ascribed in Section 5.1(d) above.

"Dolphin Security Agreements" means, collectively, the Dolphin Sales Security Agreement, the Dolphin Services Security Agreement, and the Dolphin Steel Security Agreement, together with any associated UCC-1 financing statements, and each of such instruments may be referred to generically as a "Dolphin Security Agreement".

"Dolphin Security Instruments" means, collectively, the Dolphin Guaranties, the Dolphin Mortgage Instruments, and the Dolphin Security Agreements, and each of such instruments may be referred to generically as a "Dolphin Security Instrument".

"Dolphin Services" has the meaning ascribed in Section 5.1(c) above.

"Dolphin Services Guaranty" has the meaning

ascribed in Section 5.1(d) above.

"Dolphin Services Mortgage" has the meaning ascribed in Section 5.1(d) above.

"Dolphin Services Note" has the meaning ascribed in Section 5.1(d) above.

"Dolphin Services Pledge" has the meaning ascribed in Section 5.1(d) above.

"Dolphin Services Real Estate" has the meaning ascribed in Section 5.1(d) above.

"Dolphin Services Security Agreement" has the meaning ascribed in Section 5.1(d) above.

"Dolphin Steel" has the meaning provided in Section 5.1(c) above.

"Dolphin Steel Guaranty" has the meaning ascribed in Section 5.1(d) above.

"Dolphin Steel Security Agreement" has the meaning ascribed in Section 5.1(d) above.

"Environmental Laws" means any and all federal, state and local laws, regulations, ordinances, orders and requirements pertaining to health, safety or the environment, including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. Section 9601 et seq., the Resource Conservation and Recovery Act of 1976, 42 U.S.C. Section 6901 et seq., the Clean Air Act, 42 U.S.C. Section 7401 et seq., the Clean Water Act, 33 U.S.C. Section 1251 et seq., the Toxic Substances Control Act, 15 U.S.C. Section 2601 et seq., the Louisiana Environmental Quality Act, La. R.S. 30:2001, et seq., and all similar laws, regulations and requirements of any governmental authority or agency having jurisdiction over Borrower, any of its Subsidiaries or any of the property or assets of Borrower or of any of its Subsidiaries, as such laws, regulations and requirements may be amended or supplemented from time to time.

"Equipment" means all machinery, equipment, furniture and furnishings and other property described as "General Equipment" in the Security Agreement or as "equipment" under any of the Dolphin Security Agreements, now or hereafter owned by Borrower or by one of Borrower's Subsidiaries.

"Fixtures" means any and all goods and other property that, after placement on the Real Property, the GIFI Property, and/or the Dolphin Real Estate, become component parts thereof.

"Loan Documents" means, collectively, this Agreement, the Notes, the Collateral Documents, and any and all other documents, instruments and agreements executed in connection with the Loans, as the foregoing may be modified, supplemented and/or amended from time to time.

"Non-Revolving Commitment" means \$15,000,000.

"Stock Pledge" has the meaning ascribed in Section 5.2(c) above.

"Stock Pledge Financing Statement" has the meaning ascribed in Section 5.2(c) above.

"Subsidiary" means, as to any Person, a corporation, partnership or other entity of which shares of stock or other ownership interests having ordinary voting power (other than stock or such other ownership interests having such power only by reason of the happening of a contingency) to elect a majority of the board of directors or other managers of such corporation, partnership or other entity, or the management of which is otherwise controlled, directly or indirectly through one or more intermediaries, or both, by such Person.

ARTICLE II

SPECIAL REPRESENTATIONS AND WARRANTIES WITH RESPECT TO THIS FIRST AMENDMENT

In order to induce Banks and Agent to enter into this First Amendment, Borrower represents and warrants to Banks that:

1. Borrower Authorization. Borrower is duly authorized to execute, deliver and perform its obligations under this First Amendment and is and will continue to be duly authorized to borrow monies under and to perform its obligations under the Fifth Amended and Restated Credit Agreement, as amended by this First Amendment and as it may be further amended from time to time.

2. Enforceability Against Borrower. This First Amendment shall, upon execution and delivery, constitute the legal, valid and binding obligation of Borrower, enforceable in accordance with its terms.

3. Dolphin Companies Authorization. Each of the Dolphin Companies is duly authorized to execute, deliver and perform its obligations under any Dolphin Security Instrument to which it is a party.

4. Enforceability Against Dolphin Companies. Upon execution and delivery, each Dolphin Security Instrument shall constitute the legal, valid and binding obligation of the Dolphin Company which is a party thereto, enforceable against such Dolphin Company in accordance with its terms.

5. No Conflicts. The execution and delivery of the Dolphin Security Instruments and the performance by each of the Dolphin Companies of their respective obligations thereunder do not and will not conflict with any provision of law or of the charter or by-laws of such Dolphin Company or of any agreement binding upon such Dolphin Company, as the case may be.

ARTICLE III

CONDITIONS PRECEDENT TO EFFECTIVENESS OF THIS FIRST AMENDMENT

This First Amendment shall become effective as of the date first above written when and only when (i) Agent shall have received at the offices of Agent, a counterpart of this First Amendment executed and delivered by Borrower, the Dolphin Companies, and Banks and (ii) Agent shall have additionally received all of the following documents, each document (unless otherwise indicated) being dated the date of receipt thereof by Agent, duly authorized, executed and delivered, and in form and substance satisfactory to Agent and each of the Banks:

(a) Borrower's Resolutions. Copies, duly certified by the Secretary or Assistant Secretary of Borrower, of the resolutions of Borrower's Board of Directors authorizing the borrowings under the Fifth Amended and Restated Credit Agreement, as amended hereby, and the execution and delivery of this First Amendment and the Notes.

(b) Term Notes. Borrower's duly executed Term Notes payable to the order of Banks, in the form attached as Exhibits "B" and "C" hereto, with appropriate insertions.

(c) Borrower Incumbency Certificate. Certificates of Borrower's Secretary or Assistant Secretary, substantially in the form of Exhibit "I" to the Fifth Amended and Restated Credit Agreement, certifying the names of the officers of Borrower authorized to execute the Loan Documents, and all other documents or certificates to be delivered hereunder by Borrower, together with the true signatures of such officers.

(d) Dolphin Companies' Resolutions. Copies, duly certified by the Secretary or Assistant Secretary of each of the Dolphin Companies, of the resolutions of the respective Dolphin Companies' Boards of Directors, authorizing the execution and delivery of this Agreement and the Dolphin Security Instruments.

(e) Dolphin Companies' Incumbency Certificates. Certificate of the Secretaries or Assistant Secretaries of each of the Dolphin Companies, substantially in the form of

Exhibit "A" to this First Amendment, certifying the names of the officers of each Dolphin Company authorized to execute this Agreement and the Dolphin Security Instruments, and all other documents or certificates to be delivered hereunder by the Dolphin Companies, together with true signatures of such officers.

(f) Title Insurance. Mortgagee's title insurance commitments issued by Lawyers Title Insurance Corporation to First NBC, as Agent for Banks, in form and substance satisfactory to Banks and containing such endorsements as are required by Banks and, with respect to the Dolphin Sales Property, with coverage in the amount of \$250,000 and with respect to the Dolphin Services Property, with coverage in the amount of \$1,750,000.

(g) Environmental Report. A Phase I environmental report prepared by Walk, Haydel & Associates, Inc., dated December, 1996, certified to each Bank, reporting the current environmental condition of the Dolphin Sales Property and the Dolphin Services Property.

(h) Dolphin Security Instruments. Duly authorized and executed originals of each of the Dolphin Security Instruments.

(i) Lien Searches. Uniform Commercial Code and chattel mortgage searches in the name of Borrower and each Dolphin Company which confirm that the Liens granted to Banks by Borrower and the Dolphin Companies are first priority liens.

(j) Delivery of Stock Certificates. The stock certificates, registered in Borrower's name and subject to no transfer or pledge restrictions, representing the shares pledged to Banks pursuant to the Stock Pledge, together with blank stock powers executed by Borrower and in form and substance acceptable to Banks.

(k) Proof of Flood Insurance. Proof, in form and substance acceptable to Banks, that Dolphin Sales and Dolphin Services maintain all flood insurance with respect to the Dolphin Real Estate which they are legally required to maintain as a condition to the use of such Dolphin Real Estate to collateralize their respective Dolphin Guaranties, the Notes, and Borrower's other Obligations to Banks.

ARTICLE IV

MISCELLANEOUS

1. Definitions. All terms used herein with initial capital letters and not otherwise defined herein shall have the meanings ascribed to such terms in the Fifth Amended and Restated Credit Agreement.

2. No Other Changes. The Fifth Amended and Restated Credit Agreement as hereby amended is hereby ratified and confirmed in all respects. Any reference to the Fifth Amended and Restated Credit Agreement in any Loan Document shall be deemed to refer to the Fifth Amended and Restated Credit Agreement as amended hereby. Any reference to the Term Notes in any Loan Document shall be deemed to refer to the Term Notes executed of even date herewith in the forms of Exhibits "B" and "C" attached hereto. The execution, delivery and effectiveness of this First Amendment shall not, except as expressly provided herein, operate as a waiver of any right, power or remedy of Banks under the Fifth Amended and Restated Credit Agreement or any other Loan Document. Except as amended by this First Amendment, the Fifth Amended and Restated Credit Agreement shall remain in full force and effect. Nothing contained herein or in any other documents contemplated hereby shall be considered a novation or discharge of the debt of Borrower to Banks under the Fifth Amended and Restated Credit Agreement.

3. Ratification of Notes and Liens. Borrower does hereby ratify, reaffirm and acknowledge its obligations under the Revolving Notes, and Borrower does hereby further ratify, reaffirm and acknowledge its mortgage, pledge and/or assignment of, and/or grant of a security interest in, all Collateral heretofore provided by Borrower as security for the Notes and the other Obligations under the Fifth Amended and Restated Credit Agreement. Borrower does hereby further ratify, confirm and acknowledge to Agent and Banks that: (a) the mortgage, pledge and/or assignment of, and/or grant of a security interest in, all

such Collateral is and shall remain in full force and effect; (b) the Collateral Documents to which Borrower is a party are and shall continue to be valid, binding and enforceable obligations of Borrower; and (c) the Collateral Documents and the Collateral shall continue to secure, with retroactive priority to the extent permitted by law, the Notes and the other Obligations of Borrower as continued pursuant to the Revolving Notes and as renewed, rearranged, extended and now evidenced by, and as the amount thereof has been increased by, the Term Notes executed of even date herewith in the forms attached hereto as Exhibits "B" and "C".

4. Substitution and Addition of Exhibits and Schedule. Exhibits "B" and "C" of the Fifth Amended and Restated Credit Agreement are hereby deleted, and Exhibits "B" and "C" attached hereto are hereby substituted in place thereof. New Exhibits "L" (describing the Dolphin Sales Real Estate) and "M" (describing the Dolphin Services Real Estate) are hereby added to the Fifth Amended and Restated Credit Agreement. Schedule 1 of the Fifth Amended and Restated Credit Agreement is hereby deleted, and Schedule 1 attached hereto is hereby substituted in place thereof.

5. Counterparts. This First Amendment may be executed in as many counterparts as may be deemed necessary or convenient, and by the different parties hereto in separate counterparts, each of which, when so executed, shall be deemed an original, but all of which counterparts shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this First Amendment to be executed by their respective officers thereunto duly authorized, effective as of the date first written above.

BORROWER:

GULF ISLAND FABRICATION, INC.

By: /s/ Kerry J. Chauvin

Kerry J. Chauvin, President

BANKS:

FIRST NATIONAL BANK OF COMMERCE

By: /s/ J. Charles Freel, Jr.

J. Charles Freel, Jr.,
Vice President

WHITNEY NATIONAL BANK

By: /s/ Harry C. Stahel

Harry C. Stahel,
Senior Vice President

AGENT:

FIRST NATIONAL BANK OF COMMERCE

By: /s/ J. Charles Freel, Jr.

J. Charles Freel, Jr.,
Vice President

INTERVENTION

NOW INTO THESE PRESENTS COMES Dolphin Sales & Rentals, Inc., Dolphin Steel Sales, Inc., and Dolphin Services, Inc., who hereby bind themselves in solido with each other and with Borrower with respect to all representations and warranties contained Article I, Section 8 and Article II, Sections 3, 4, and 5 of this First Amendment to Fifth Amended and Restated Credit

Agreement and who, in order to induce Banks to enter into this First Amendment to Fifth Amended and Restated Credit Agreement, agree to execute and deliver to Banks the Dolphin Security Instruments as defined herein.

DOLPHIN SALES & RENTALS, INC.

By: /s/ Kerry J. Chauvin

Kerry J. Chauvin, President

DOLPHIN STEEL SALES, INC.

By: /s/ Kerry J. Chauvin

Kerry J. Chauvin, President

DOLPHIN SERVICES, INC.

By: /s/ Kerry J. Chauvin

Kerry J. Chauvin, President

ACKNOWLEDGMENT

STATE OF LOUISIANA

PARISH OF ORLEANS

BE IT KNOWN, that on this 2nd day of January, 1997, before me, the undersigned authority, duly commissioned, qualified and sworn within and for the State and Parish aforesaid, personally came and appeared KERRY J. CHAUVIN, appearing herein in his capacity as President of Gulf Island Fabrication, Inc., to me personally known to be the identical person whose name is subscribed to the foregoing First Amendment to Fifth Amended and Restated Revolving Credit and Term Loan Agreement, who declared and acknowledged to me, Notary, in the presence of the undersigned competent witnesses, that he executed the same on behalf of said corporation with full authority of its Board of Directors, and that the same instrument is the free act and deed of the said corporation and was executed for the uses, purposes and benefits therein expressed.

WITNESSES:

/s/ Patsy G. Holwadel

/s/ Kerry J. Chauvin

KERRY J. CHAUVIN

/s/ Scott D. Morgan

/s/ F. Rivers Lelong, Jr.

NOTARY PUBLIC

ACKNOWLEDGMENT

STATE OF LOUISIANA

PARISH OF ORLEANS

BE IT KNOWN, that on this 2nd day of January, 1997, before me, the undersigned authority, duly commissioned, qualified and

sworn within and for the State and Parish aforesaid, personally came and appeared J. CHARLES FREEL, JR., appearing herein in his capacity as Vice President of First National Bank of Commerce, to me personally known to be the identical person whose name is subscribed to the foregoing First Amendment to Fifth Amended and Restated Revolving Credit and Term Loan Agreement, who declared and acknowledged to me, Notary, in the presence of the undersigned competent witnesses, that he executed the same on behalf of said national banking association, appearing in said agreement in its individual capacity and its capacity as Agent, with full authority of its Board of Directors, and that the same instrument is the free act and deed of the said national bank association and was executed for the uses, purposes and benefits therein expressed.

WITNESSES:

/s/ Patsy G. Holwadel

/s/ J. Charles Freel, Jr.

J. CHARLES FREEL, JR.

/s/ Scott D. Morgan

/s/ F. Rivers Lelong, Jr.

NOTARY PUBLIC

ACKNOWLEDGMENT

STATE OF LOUISIANA

PARISH OF ORLEANS

BE IT KNOWN, that on this 2nd day of January, 1997, before me, the undersigned authority, duly commissioned, qualified and sworn within and for the State and Parish aforesaid, personally came and appeared HARRY C. STAHEL, appearing herein in his capacity as Senior Vice President of Whitney National Bank, to me personally known to be the identical person whose name is subscribed to the foregoing First Amendment to Fifth Amended and Restated Revolving Credit and Term Loan Agreement, who declared and acknowledged to me, Notary, in the presence of the undersigned competent witnesses, that he executed the same on behalf of said national banking association, appearing in said agreement in its individual capacity, with full authority of its Board of Directors, and that the same instrument is the free act and deed of the said national bank association and was executed for the uses, purposes and benefits therein expressed.

WITNESSES:

/s/ Patsy G. Holwadel

/s/ Harry C. Stahel

HARRY C. STAHEL

/s/ Scott D. Morgan

/s/ F. Rivers Lelong, Jr.

NOTARY PUBLIC

ACKNOWLEDGMENT

STATE OF LOUISIANA

PARISH OF ORLEANS

BE IT KNOWN, that on this 2nd day of January, 1997, before me, the undersigned authority, duly commissioned, qualified and sworn within and for the State and Parish aforesaid, personally came and appeared KERRY J. CHAUVIN, appearing herein in his capacity as President of Dolphin Sales & Rentals, Inc., to me personally known to be the identical person whose name is subscribed to the foregoing First Amendment to Fifth Amended and Restated Revolving Credit and Term Loan Agreement, who declared and acknowledged to me, Notary, in the presence of the undersigned competent witnesses, that he executed the same on behalf of said corporation with full authority of its Board of Directors, and that the same instrument is the free act and deed of the said corporation and was executed for the uses, purposes and benefits therein expressed.

WITNESSES:

/s/ Patsy G. Holwadel

/s/ Kerry J. Chauvin

KERRY J. CHAUVIN

/s/ Scott D. Morgan

/s/ F. Rivers Lelong, Jr.

NOTARY PUBLIC

ACKNOWLEDGMENT

STATE OF LOUISIANA

PARISH OF ORLEANS

BE IT KNOWN, that on this 2nd day of January, 1997, before me, the undersigned authority, duly commissioned, qualified and sworn within and for the State and Parish aforesaid, personally came and appeared KERRY J. CHAUVIN, appearing herein in his capacity as President of Dolphin Steel Sales, Inc., to me personally known to be the identical person whose name is subscribed to the foregoing First Amendment to Fifth Amended and Restated Revolving Credit and Term Loan Agreement, who declared and acknowledged to me, Notary, in the presence of the undersigned competent witnesses, that he executed the same on behalf of said corporation with full authority of its Board of Directors, and that the same instrument is the free act and deed of the said corporation and was executed for the uses, purposes and benefits therein expressed.

WITNESSES:

/s/ Patsy G. Holwadel

/s/ Kerry J. Chauvin

KERRY J. CHAUVIN

/s/ Scott D. Morgan

/s/ F. Rivers Lelong, Jr.

NOTARY PUBLIC

ACKNOWLEDGMENT

STATE OF LOUISIANA

PARISH OF ORLEANS

BE IT KNOWN, that on this 2nd day of January, 1997, before me, the undersigned authority, duly commissioned, qualified and sworn within and for the State and Parish aforesaid, personally came and appeared KERRY J. CHAUVIN, appearing herein in his capacity as President of Dolphin Services, Inc., to me personally known to be the identical person whose name is subscribed to the foregoing First Amendment to Fifth Amended and Restated Revolving Credit and Term Loan Agreement, who declared and acknowledged to me, Notary, in the presence of the undersigned competent witnesses, that he executed the same on behalf of said corporation with full authority of its Board of Directors, and that the same instrument is the free act and deed of the said corporation and was executed for the uses, purposes and benefits therein expressed.

WITNESSES:

/s/ Patsy G. Holwadel

/s/ Kerry J. Chauvin

KERRY J. CHAUVIN

/s/ Scott D. Morgan

/s/ F. Rivers Lelong, Jr.

NOTARY PUBLIC