

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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (*Date of earliest event reported*): April 26, 2012

Gulf Island Fabrication, Inc.

(*Exact name of registrant as specified in its charter*)

Louisiana
(*State of incorporation*)

001-34279
(*Commission File Number*)

72-1147390
(*IRS Employer Identification No.*)

567 Thompson Road, Houma, Louisiana
(*Address of principal executive offices*)

70363
(*Zip Code*)

(985) 872-2100
(*Registrant's telephone number, including area code*)

N/A
(*Former name or former address, if changed since last report*)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

On April 26, 2012, Gulf Island Fabrication, Inc. (the Company) appointed Roy F. “Buddy” Breerwood, III, 38, as Vice President-Finance, Chief Financial Officer and Treasurer of the Company. Mr. Breerwood previously served as interim Chief Financial Officer and Treasurer since February 2, 2012 and Controller since October 2007. Prior to his appointment as Controller, Mr. Breerwood served as the Company’s Accounting Manager from July 2002 to October 2007.

In connection with his appointment, Mr. Breerwood’s base salary was increased to \$175,000 and he received a grant of 1,000 shares of restricted stock, vesting in equal installments over a five-year period. Mr. Breerwood is also eligible for an annual bonus under our annual incentive compensation program equal to 0.25% of the Company’s consolidated income before taxes and deduction of executive bonuses under the program.

Following his appointment, the Company entered into a change of control agreement (the Agreement) with Mr. Breerwood. The Agreement entitles Mr. Breerwood to receive additional benefits in the event of a termination of employment under certain circumstances following a change of control of the Company, as described below. The Agreement provides that if, during the 18 months following a change of control, the Company or its successor terminates Mr. Breerwood other than by reason of death, disability or cause (as defined in the Agreement), or Mr. Breerwood voluntarily terminates his employment for good reason (as defined in the Agreement), Mr. Breerwood will receive a lump-sum cash payment equal to the sum of his prorated bonus plus one and one half times the sum of (a) his base salary in effect at the time of termination and (b) the highest annual bonus awarded to him during the three fiscal years immediately preceding the termination date. The Company shall continue to provide to Mr. Breerwood insurance and welfare benefits until the earlier of (a) December 31 of the first calendar year following the calendar year of the termination or (b) the date Mr. Breerwood accepts new employment. The benefits provided under the Agreement are in addition to the value of any accelerated vesting of shares of restricted stock or stock options resulting from a change of control under the Company’s stock incentive plans. If any part of the payments or benefits received by Mr. Breerwood in connection with a termination following a change of control constitutes an excess parachute payment under Section 4999 of the Internal Revenue Code, Mr. Breerwood will receive the greater of (1) the amount of such payments and benefits reduced so that none of the amount constitutes an excess parachute payment, net of income taxes, or (2) the amount of such payments and benefits, net of income taxes and net of excise taxes under Section 4999 of the Internal Revenue Code. A copy of the Agreement is attached hereto as Exhibit 99.1.

Item 5.03 Amendments to Articles of Incorporation or Bylaws; Change in Fiscal Year.

Effective April 26, 2012, the Board of Directors of the Company approved an amendment to the By-laws of the Company to allow for the number of directors constituting the entire Board of Directors to be a range of not less than three nor more than twelve, with the exact number of directors to be fixed by a duly adopted resolution of the Board of Directors. A copy of the By-laws as amended and restated is attached as Exhibit 3.1 to this Current Report on Form 8-K.

Item 5.07 Submission of Matters to a Vote of Security Holders.

The Company held its 2012 annual meeting of shareholders (the Annual Meeting) on April 26, 2012 in Houma, Louisiana. At the Annual Meeting, the Company's shareholders (i) elected each of the two persons listed below to serve as a Class III director for a term expiring in 2015, (ii) approved, on an advisory basis, the compensation of the Company's named executive officers and (iii) ratified the appointment of the Company's independent registered public accounting firm for the 2012 fiscal year.

Of the 14,385,039 shares of the Company's common stock outstanding as of the record date, 12,597,077 shares were represented at the Annual Meeting. The Company's independent inspector of elections reported the vote of stockholders as follows:

Proposal 1: Election of two Class III directors.

Name	Votes For	Votes Withheld
Kerry J. Chauvin	9,476,542	2,235,440
Jerry D. Dumas, Sr.	11,648,695	63,287

Proposal 2: Approval, on an advisory basis, of the compensation of the Company's named executive officers.

Votes For	Votes Against	Abstentions	Broker Non-Votes
10,970,655	137,840	603,488	885,094

Proposal 3: Ratification of the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm.

Votes For	Votes Against	Abstentions
12,518,883	76,444	1,750

Item 8.01 Other Matters.

On April 26, 2012, the Board of Directors of the Company approved resolutions reducing the size of the Board of Directors from nine to eight members effective at the time of the Company's Annual Meeting upon the retirement of Alden J. "Doc" Laborde. Mr. Laborde, co-founder of the Company, whose term expired at the Annual Meeting, did not stand for re-election at the Annual Meeting.

In honor of his position as co-founder of the Company and his service on the Board of Directors for over 25 years, the Board of Directors appointed Mr. Laborde as a director emeritus effective at the time that his term as a director expired at the Annual Meeting.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

The following exhibits are filed herewith.

<u>Exhibit Number</u>	<u>Description</u>
3.1	By-laws of the Company, as amended and restated through April 26, 2012.
99.1	Change of Control Agreement dated April 27, 2012 by and between the Company and Roy F. Breerwood, III

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

GULF ISLAND FABRICATION, INC.

By: _____ /s/ Kerry J. Chauvin
Kerry J. Chauvin
Chairman of the Board and Chief Executive Officer

Dated: April 27, 2012

**BY-LAWS
OF
GULF ISLAND FABRICATION, INC.
(As Amended and Restated through April 26, 2012)**

SECTION 1**OFFICERS**

1.1 Principal Office. The principal office of the Corporation shall be located at 567 Thompson Road, Houma, Louisiana 70363.

1.2 Additional Offices. The Corporation may have such offices at such other places as the Board of Directors may from time to time determine or the business of the Corporation may require.

SECTION 2**SHAREHOLDER MEETINGS**

2.1 Place of Meetings. Unless otherwise required by law or these By-laws, all meetings of the shareholders shall be held at the principal office of the Corporation or at such other place, within or without the State of Louisiana, as may be designated by the Board of Directors.

2.2 Annual Meetings; Notice Thereof. An annual meeting of the shareholders shall be held each year on the date and at the time as the Board of Directors shall designate, for the purpose of electing directors and of the transaction of such other business as may be properly brought before the meeting. If no annual shareholders' meeting is held for a period of eighteen months, any shareholder may call such meeting to be held at the registered office of the Corporation as shown on the records of the Secretary of State of the State of Louisiana.

2.3 Special Meetings. Special meetings of the shareholders, for any purpose or purposes, may be called by or at the direction of the Board of Directors. Shareholders may call a special meeting of shareholders in accordance with the applicable provisions of the Articles of Incorporation.

2.4 Notice of Meetings. Except as otherwise provided by law or the Articles of Incorporation, the authorized person or persons calling a shareholders' meeting shall cause written notice of the time, place and purpose of the meeting to be given to all shareholders entitled to vote at such meeting, at least 10 days and not more than 75 days prior to the day fixed for the meeting. Notice of the annual meeting need not state the purpose or purposes thereof, unless action is to be taken at the meeting as to which notice is required by law or the By-laws. Notice of a special meeting shall state the purpose or purposes thereof, and the business conducted at any special meeting shall be limited to the purpose or purposes stated in the notice.

2.5 List of Shareholders. At every meeting of shareholders, a list of shareholders entitled to vote, arranged alphabetically and certified by the Secretary or by the agent of the Corporation having charge of transfers of shares, showing the number and class of shares held by each such shareholder on the record date for the meeting and confirming the number of votes per share as to which each such shareholder is entitled, shall be produced on the request of any shareholder.

2.6 Quorum. At all meetings of shareholders, the holders of a majority of the total voting power shall constitute a quorum; provided, however, that this subsection shall not have the effect of reducing the vote required to approve any matter that may be established by law, the Articles of Incorporation or these By-laws.

2.7 Voting. When a quorum is present at any shareholders' meeting, the vote of the holders of a majority of the votes actually cast shall decide each question brought before such meeting, unless the resolution of the question requires, by express provision of law, the Articles of Incorporation or these By-laws, a different vote or one or more separate votes by the holders of a class or series of capital stock, in which case such express provision shall apply and control the decision of such question. Directors shall be elected by plurality vote.

2.8 Proxies. At any meeting of the shareholders, every shareholder having the right to vote shall be entitled to vote in person or by proxy appointed by an instrument in writing executed by such shareholder and bearing a date not more than eleven months prior to the meeting, unless the instrument provides for a longer period, but in no case will an outstanding proxy be valid for longer than three years from the date of its execution. The person appointed as proxy need not be a shareholder of the Corporation.

2.9 Adjournments. Adjournments of any annual or special meeting of shareholders may be taken without new notice being given unless a new record date is fixed for the adjourned meeting, but any meeting at which directors are to be elected shall be adjourned only from day to day until such directors shall have been elected.

2.10 Withdrawal. If a quorum is present or represented at a duly organized shareholders' meeting, such meeting may continue to do business until adjournment, notwithstanding the withdrawal of enough shareholders to leave less than a quorum as fixed in Section 2.6 of these By-laws, or the refusal of any shareholders to vote.

2.11 Lack of Quorum. If a meeting cannot be organized because a quorum has not attended, those present may adjourn the meeting to such time and place as they may determine, subject, however, to the provisions of Section 2.9 hereof. In the case of any meeting called for the election of directors, those who attend the second of such adjourned meetings, although less than a quorum as fixed in Section 2.6 hereof, shall nevertheless be deemed to constitute a quorum for the purpose of electing directors.

2.12 Presiding Officer. The Chairman of the Board or a person designated by the Chairman of the Board, or in their absence a person designated by the Board of Directors, shall preside at all shareholders' meetings.

2.13 Definition of Shareholder. As used in these By-laws, and unless the context otherwise requires, the term shareholder shall mean a person who is (i) the record holder of shares of the Corporation's common stock or any other capital stock of the Corporation granted voting rights, or (ii) a registered holder of any bonds, debentures or similar obligations granted voting rights by the Corporation pursuant to La.R.S. 12:75H.

SECTION 3

DIRECTORS

3.1 Number. All of the corporate powers shall be vested in, and the business and affairs of the Corporation shall be managed by, a Board of Directors. Except as otherwise fixed by or pursuant to Article III(B) of the Articles of Incorporation (as it may be duly amended from time to time) relating to the rights of the holders of any class or series of stock having a preference over the Common Stock as to dividends or upon liquidation to elect additional directors by class vote, the number of directors constituting the entire Board of Directors shall be not less than three nor more than twelve, the exact number of directors to be fixed from time to time within such range by a duly adopted resolution of the Board of Directors. No director need be a shareholder. The Secretary shall have the power to certify at any time as to the number of directors authorized and as to the class to which each director has been elected or assigned.

3.2 Powers. The Board may exercise all such powers of the Corporation and do all such lawful acts and things which are not by law, the Articles of Incorporation or these By-laws directed or required to be done by the shareholders.

3.3 Classes. The Board of Directors, other than those directors who may be elected by the holders of any class or series of stock having preference over the Common Stock as to dividends or upon liquidation (whose term of office may be determined by the Board of Directors pursuant to Section 3.3), shall be divided, with respect to the time during which they shall hold office, into three classes as nearly equal in number as possible, with the initial term of office of Class I directors expiring at the annual meeting of shareholders to be held in 1998, of Class II Directors expiring at the next succeeding annual meeting of shareholders and of Class III directors expiring at the second succeeding annual meeting of shareholders, with all such directors to hold office until their successors are elected and qualified. At each annual meeting of shareholders, directors chosen to succeed those whose terms then expire shall be elected to hold office for a term expiring at the annual meeting of shareholder held in the third year following the year of their election and until their successors are duly elected and qualified. If the Board of Directors shall appoint any director to fill a vacancy on the Board, whether resulting from an increase in the number of directors or otherwise, or if the shareholders shall elect a director to fill an open seat not previously assigned to a class, such Director shall be assigned to a class by the Board of Directors so that all classes of directors shall be as nearly equal in number as possible, and such Director's term shall expire at the succeeding annual meeting at which the terms of the other Directors in that class expire. In the event of a decrease in the number of directors, the Board of Directors may reassign the remaining directors to classes so that all classes of directors shall be as nearly equal in number as possible.

3.4 General Election. At each annual meeting of shareholders, directors shall be elected to succeed those directors whose terms then expire. No decrease in the number of directors constituting the Board of Directors shall shorten the term of any incumbent director.

3.5 Vacancies. Except as otherwise provided in the Articles of Incorporation or these By-laws, the office of a director shall become vacant if he dies, resigns or is duly removed from office.

3.6 Filling Vacancies. Except as otherwise provided in the Articles of Incorporation or Section 3.8 of these By-laws, any vacancy on the board (including any vacancy resulting from an increase in the authorized number of directors or from failure of the shareholders to elect the full number of authorized directors) may, notwithstanding any resulting absence of a quorum of directors, be filled by a majority vote of the Board of Directors remaining in office, provided that the shareholder shall have the right, at any special meeting called for such purpose prior to such action by the Board, to fill the vacancy. A director elected pursuant to this section shall serve until the next shareholders' meeting held for the election of directors of the class to which he shall have been appointed and until his successor is elected and qualified.

3.7 Notice of Shareholder Nominees. Except as otherwise provided in Section 3.8 of these By-laws, only persons who are nominated in accordance with the procedures set forth in Article IV(E) of the Articles of Incorporation shall be eligible for election as directors.

3.8 Directors Elected by Preferred Shareholders. Notwithstanding anything in these By-laws to the contrary, whenever the holders of any one or more classes or series of stock having a preference over the Common Stock as to dividends or upon liquidation shall have the right, voting separately as a class, to elect one or more directors of the Corporation, the provisions of the Articles of Incorporation (as they may be duly amended from time to time) fixing the rights and preferences of such preferred stock shall govern with respect to the nomination, election, term, removal, vacancies or other related matters with respect to such directors.

3.9 Compensation of Directors. Directors shall receive such compensation for their services, in their capacity as directors, as may be fixed by resolution of the Board of Directors; provided, however, that nothing herein contained shall be construed to preclude any director from serving the Corporation in any other capacity and receiving compensation therefor.

SECTION 4

MEETINGS OF THE BOARD

4.1 Place of Meetings. The meetings of the Board of Directors may be held at such place within or without the State of Louisiana as a majority of the directors may from time to time appoint.

4.2 Initial Meetings. Except as otherwise determined by the Board of Directors, the first meeting of each newly-elected Board shall be held immediately following the shareholders' meeting at which the Board, or any class thereof, is elected and at the same place as such meeting, and no notice of such first meeting shall be necessary for the newly-elected directors in order legally to constitute the meeting.

4.3 Regular Meetings; Notice. Regular meetings of the Board may be held at such times as the Board may from time to time determine. Notice of regular meetings of the Board of Directors shall be given, but no special form of notice or time of notice shall be necessary.

4.4 Special Meetings; Notice. Special meetings of the Board may be called by or at the direction of the Chairman of the Board or the President on reasonable notice given to each director, either personally or by telephone, mail, telex, telecopy or any other comparable form of facsimile communication. Special meetings shall be called by the Secretary in like manner and on like notice on the written request of a majority of the directors and if such officer fails or refuses, or is unable within 24 hours to call a meeting when requested, then the directors making the request may call the meeting on two days' written notice given to each director. The notice of a special meeting of directors need not state its purpose or purposes, but if the notice states a purpose or purposes and does not state a further purpose to consider such other business as may properly come before the meeting, the business to be conducted at the special meeting shall be limited to the purpose or purposes stated in the notice.

4.5 Waiver of Notice. Directors present at any regular or special meeting shall be deemed to have received, or to have waived, due notice thereof, provided that a director who participates in a meeting by telephone (as permitted by Section 4.9 hereof) shall not be deemed to have received or waived due notice if, at the beginning of the meeting, he objects to the transaction of any business because the meeting is not lawfully called.

4.6 Quorum. A majority of the Board shall be necessary to constitute a quorum for the transaction of business, and except as otherwise provided by law, the Articles of Incorporation or these By-laws, the acts of a majority of the directors present at a duly-called meeting at which a quorum is present shall be the acts of the board. If a quorum is not present at any meeting of the Board of Directors, the directors present may adjourn the meeting from time to time without notice other than announcement at the meeting, until a quorum is present.

4.7 Withdrawal. If a quorum was present when the meeting convened, the directors present may continue to do business, taking action by vote of a majority of a quorum as fixed in Section 4.6 hereof, until adjournment, notwithstanding the withdrawal of enough directors to leave less than a quorum as fixed in Section 4.6 hereof or the refusal of any director present to vote.

4.8 Action by Consent. Any action that may be taken at a meeting of the Board, or any committee thereof, may be taken by a consent in writing signed by all of the directors or by all members of the committee, as the case may be, and filed with the records of proceedings of the Board or committee.

4.9 Meetings by Telephone or Similar Communication. Members of the Board may participate at and be present at any meeting of the Board or any committee thereof by means of conference telephone or similar communications equipment if all persons participating in such meeting can hear and communicate with each other.

SECTION 5

COMMITTEES OF THE BOARD

5.1 General. The Board may designate one or more committees, each committee to consist of two or more of the directors of the Corporation (and one or more directors may be named as alternate members to replace any absent or disqualified regular members), which, to the extent provided by resolution of the Board or these By-laws, shall have and may exercise the powers of the Board in the management of the business and affairs of the Corporation, and may have power to authorize the seal of the Corporation to be affixed to documents, but no such committee shall have power or authority to amend the Articles of Incorporation, adopt an agreement of merger, consolidation or share exchange, adopt or recommend to the shareholders the sale, lease or exchange of all or substantially all of the Corporation's assets, recommend to the shareholders a dissolution of the Corporation or a revocation of dissolution, remove directors, or amend these By-laws; and unless the resolution expressly so provides, no such committee shall have the power or authority to declare a dividend or authorize the issuance of stock. Such committee or committees shall have such name or names as may be stated in these By-laws, or as may be determined, from time to time, by the Board. Any vacancy occurring in any such committee shall be filled by the Board, but the President may designate another director to serve on the committee pending action by the Board. Each such member of a committee shall hold office during the term designated by the Board.

5.2 Compensation Committee. The Board shall establish and maintain a Compensation Committee consisting of two or more directors, each of whom (i) shall be qualified to the extent appropriate as a “non-employee director” under Rule 16b-3 of the Securities Exchange Commission and as an “outside director” under Section 162(m) of the Internal Revenue Code and (ii) shall meet any further qualifications designated by the Board. The Compensation Committee shall review and analyze the compensation of the Corporation’s executive officers; review and provide general guidance as to compensation of the Corporation’s other managers; evaluate the performance of the Corporation’s executive officers; administer the Corporation’s Long-Term Incentive Compensation Plan, including grants thereunder; and perform such other services as may be designated by the Board.

5.3 Audit Committee. The Board shall establish an Audit Committee consisting of at least two directors, a majority of whom are not officers or employees of the Corporation or any of its affiliates. The Audit Committee shall (i) facilitate communication among the Corporation’s directors, management, independent accountants and internal auditing personnel regarding matters relating to financial accounting, reporting and controls, (ii) assist the Board of Directors in fulfilling its fiduciary responsibilities as to accounting policies and reporting practices of the Corporation and all subsidiaries and the sufficiency of auditing practices with respect thereto by, among other things, reviewing the scope of audit coverage, including consideration of the Corporation’s accounting practices and procedures and system of internal accounting controls and reporting to the Board with respect thereto, (iii) operate as the Board’s principal agent in ensuring the independence of the Corporation’s independent accountants, the integrity of management and the adequacy of disclosure to shareholders, and (iv) perform such other services as may be designated by the Board.

SECTION 6

REMOVAL OF BOARD MEMBERS

Directors may be removed in accordance with the applicable provisions of the Articles of Incorporation.

SECTION 7

NOTICES

7.1 Form of Delivery. Whenever under the provisions of law, the Articles of Incorporation or these By-laws notice is required to be given to any shareholder or director, it shall not be construed to mean personal notice unless otherwise specifically provided in the Articles of Incorporation or these By-laws, but such notice may be given by mail, addressed to such shareholder or director at his address as it appears on the records of the Corporation, with postage thereon prepaid, or in such other manner as may be specified in these By-laws. Notices given by mail shall be deemed to have been given at the time they are deposited in the United States mail, and all other notices shall be deemed to have been give upon receipt.

7.2 Waiver. Whenever any notice is required to be given by law, the Articles of Incorporation or these By-laws, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent thereto. In addition, notice shall be deemed to have been given to, or waived by, any shareholder or director who attends a meeting of shareholders or directors in person, or is represented at such meeting by proxy, without protesting at the commencement of the meeting the transaction of any business because the meeting is not lawfully called or convened.

SECTION 8

OFFICERS

8.1 Designations. The officers of the Corporation shall be elected by the directors and shall be the President, Secretary and Treasurer. The Board of Directors may appoint a Chief Executive Officer, a Chief Operating Officer, a Chief Accounting Officer, one or more Vice Presidents and such other officers as it shall deem necessary. Officers shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the Board. To the extent permitted by law, more than one office may be held by a single person.

8.2 Term of Office. The officers of the Corporation shall hold office at the pleasure of the Board of Directors. Except as otherwise provided in the resolution of the Board of Directors electing any officer, each officer shall hold office until the first meeting of the Board of Directors after the annual meeting of shareholders next succeeding his or her election, and until his or her successor is elected and qualified or until his or her earlier resignation or removal. Any officer may resign at any time upon written notice to the Board, Chairman of the Board, President or Secretary of the Corporation. Such resignation shall take effect at the time specified therein and acceptance of such resignation shall not be necessary to make it effective. The Board may remove any officer with or without cause at any time. Any such removal shall be without prejudice to the contractual rights of such officers, if any, with the Corporation, but the election of an officer shall not in and of itself create contractual rights. Any vacancy occurring in any office of the Corporation by death, resignation, removal or otherwise may be filled for the unexpired position of the term by the Board at any regular or special meeting.

8.3 The Chairman of the Board. The Board may appoint a Chairman of the Board who shall preside at meetings of the Board of Directors and the shareholders and perform such other duties as may be designated by the Board of Directors or these By-laws. The Chairman of the Board shall not, solely by virtue of such position, be an officer of the Corporation but may be designated an officer by the Board of Directors.

8.4 The President. The President shall, unless otherwise provided by the Board, have general and active responsibility for the management of the business of the Corporation, shall be the chief executive and chief operating officer of the Corporation, shall supervise the daily operations of the business of the Corporation and shall ensure that all orders, policies and resolutions of the Board are carried out.

8.5 The Vice Presidents. The Vice Presidents (if any) shall have such designations and perform such duties as the President or the Board of Directors shall prescribe.

8.6 The Secretary. The Secretary shall attend all meetings of the Board of Directors and all meetings of the shareholders and record all votes and the minutes of all proceedings in a book to be kept for that purpose. He shall give, or cause to be given, notice of all meetings of the shareholders and regular and special meetings of the Board, and shall perform such other duties as may be prescribed by the Board or President. He shall keep in safe custody the seal of the Corporation, if any, and affix such seal to any instrument requiring it.

8.7 The Assistant Secretary. The Assistant Secretary shall have the same powers and duties as the Secretary and shall perform such other duties as may be prescribed by the Board or President.

8.8 The Treasurer. The Treasurer shall have the custody of the corporate funds and shall keep or cause to be kept full and accurate accounts of receipts and disbursements in books belonging to the Corporation and shall deposit all monies and other valuable effects in the name and to the credit of the Corporation in such depositories as may be designated by the Board of Directors. He shall keep a proper accounting of all receipts and disbursements and shall disburse the funds of the Corporation only for proper corporate purposes or as may be ordered by the Board and shall render to the President and the Board at the regular meetings of the Board, or whenever they may require it, an account of all his transactions as Treasurer and of the financial condition and results of operations of the Corporation.

SECTION 9

STOCK

9.1 Certificates. Every holder of stock in the Corporation shall be entitled to have a certificate signed by the President or a Vice President and the Secretary or an Assistant Secretary evidencing the number and class (and series, if any) of shares owned by him, containing such information as required by law and bearing the seal of the Corporation. As provided in the Articles of Incorporation, the Board of Directors may approve the use of dual forms of stock certificates, one for issuance to U.S. citizen stockholders, and one for issuance to non-U.S. citizen stockholders. If any stock certificate is manually signed by a transfer agent or registrar other than the Corporation itself or an employee of the Corporation, the signature of any such officer may be a facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be an officer, transfer agent or registrar of the Corporation before such certificate is issued, it may be issued by the Corporation with the same effect as if such person or entity were an officer, transfer agent or registrar of the Corporation on the date of issue.

9.2 Missing Certificates. The President or any Vice President may direct a new certificate or certificates to be issued in place of any certificate or certificates theretofore issued by the Corporation alleged to have been lost, stolen or destroyed, upon the Corporation's receipt of an affidavit of that fact from the person claiming the certificate of stock to be lost, stolen or destroyed. As a condition precedent to the issuance of a new certificate or certificates, the officers of the Corporation shall, unless dispensed with by the President, require the owner of such lost, stolen or destroyed certificate or certificates, or his legal representative, to (i) give the Corporation a bond or (ii) enter into a written indemnity agreement, in each case in an amount appropriate to indemnify the Corporation against any claim that may be made against the Corporation with respect to the certificate alleged to have been lost, stolen or destroyed.

9.3 Transfers. The shares of stock of the Corporation shall be transferable only on the books of the Corporation by the holders thereof in person or by their duly authorized attorneys or legal representatives upon surrender and cancellation of certificates for a like number of shares. Upon surrender to the Corporation or the transfer agent of the Corporation of a certificate for shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, it shall be the duty of the Corporation to issue a new certificate to the person entitled thereto, cancel the old certificate and record the transaction upon its books, provided that as a condition precedent to the transfer of shares on the records of the Corporation, the Corporation may require representations or other proof of the identity and citizenship of any prospective stockholder and may restrict transfers to non-U.S. citizens as provided in the Articles of Incorporation.

SECTION 10

DETERMINATION OF SHAREHOLDERS

For the purpose of determining shareholders entitled to notice of and to vote at a meeting, or to receive a dividend, or to receive or exercise subscription or other rights, or to participate in a reclassification of stock, or in order to make a determination of shareholders for any other proper purpose, the Board of Directors may fix in advance a record date for determination of shareholders for such purpose, such date to be not more than 60 days and, if fixed for the purpose of determining shareholders entitled to notice of and to vote at a meeting, not less than 10 days, prior to the date on which the action requiring the determination of shareholders is to be taken.

SECTION 11

INDEMNIFICATION

11.1 Definitions. As used in this section the following terms shall have the meanings set forth below:

(a) "Board" - the Board of Directors of the Corporation.

(b) "Claim" - any threatened, pending or completed claim, action, suit, or proceeding, whether civil, criminal, administrative or investigative and whether made judicially or extra-judicially, or any separate issue or matter therein, as the context requires.

(c) "Determining Body" - (i) those members of the Board who are not named as parties to the Claim for which indemnification is being sought ("Impartial Directors"), if there are at least three Impartial Directors, (ii) a committee of at least three Impartial Directors appointed by the Board (regardless whether the members of the Board of Directors voting on such appointment are Impartial Directors) or (iii) if there are fewer than three Impartial Directors or if the Board of Directors or the committee appointed pursuant to clause (ii) of this paragraph so directs (regardless whether the members thereof are Impartial Directors), independent legal counsel, which may be the regular outside counsel of the Corporation.

(d) "Disbursing Officer" - the President of the Corporation or, if the President is a party to the Claim for which indemnification is being sought, any officer not a party to such Claim who is designated by the President to be the Disbursing Officer with respect to indemnification requests related to the Claim, which designation shall be made promptly after receipt of the initial request for indemnification with respect to such Claim.

(e) "Expenses" - any expenses or costs, including, without limitation, attorney's fees, judgments, punitive or exemplary damages, fines and amounts paid in settlement.

(f) "Indemnitee" - each person who is or was a director or officer of the Corporation.

11.2 Indemnity.

(a) To the extent such Expenses exceed the amounts reimbursed or paid pursuant to policies of liability insurance maintained by the Corporation, the Corporation shall indemnify each Indemnitee against any Expenses actually and reasonably incurred by him (as they are incurred) in connection with any Claim either against him or as to which he is involved solely as a witness or person required to give evidence, by reason of his position (i) as a director or officer of the Corporation, (ii) as a director or officer of any subsidiary of the Corporation, (iii) as a fiduciary with respect to any employee benefit plan of the Corporation, or (iv) as a director, officer, partner, employee or agent of another corporation, partnership, joint venture, trust or other for-profit or not-for-profit entity or enterprise, if such position is or was held at the request of the Corporation, whether relating to service in such position before or after the effective date of this Section, if he (i) is successful in his defense of the claim on the merits or otherwise or (ii) has been found by the Determining Body (acting in good faith) to have met the Standard of Conduct (defined below); provided that (A) the amount otherwise payable by the Corporation may be reduced by the Determining Body to such amount as it deems proper if it determines that the Claim involved the receipt of a personal benefit by Indemnitee, and (B) no indemnification shall be made in respect of any Claim as to which Indemnitee shall have been adjudged by a court of competent jurisdiction, after exhaustion of all appeals therefrom, to be liable for willful or intentional misconduct in the performance of his duty to the Corporation or to have obtained an improper personal benefit, unless, and only to the extent that, a court shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, Indemnitee is fairly and reasonably entitled to indemnity for such Expenses as the court deems proper.

(b) For purposes of this Section 11, the Standard of Conduct is met when the conduct by an Indemnitee with respect to which a Claim is asserted was conduct that was in good faith and that he reasonably believed to be in, or not opposed to, the best interest of the Corporation, and, in the case of a criminal action or proceeding, that he had no reasonable cause to believe was unlawful. The termination of any Claim by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that Indemnitee did not meet the Standard of Conduct.

(c) Promptly upon becoming aware of the existence of any Claim as to which he may be indemnified hereunder, Indemnitee shall notify the President of the Corporation of the Claim and whether he intends to seek indemnification hereunder. If such notice indicates that Indemnitee does so intend, the President shall promptly advise the Board thereof and notify the Board that the establishment of the Determining Body with respect to the Claim will be a matter presented at the next regularly scheduled meeting of the Board. Such a meeting is to be held within 90 calendar days of the date of Indemnitee's request. If a meeting of the Board of Directors is not regularly scheduled within 120 calendar days of such request, the President shall cause a special meeting of the Board of Directors to be called within such period in accordance with these By-laws. After the Determining Body has been established the President shall inform the Indemnitee thereof and Indemnitee shall immediately provide the Determining Body with all facts relevant to the Claim known to him. No later than the 60th day (the "Determination Date") after its receipt of such information, together with such additional information as the Determining Body may request of Indemnitee, the Determining Body shall determine, and shall advise Indemnitee of its determination, whether Indemnitee has met the Standard of Conduct.

(d) During such 60-day period, Indemnitee shall promptly inform the Determining Body upon his becoming aware of any relevant facts not theretofore provided by him to the Determining Body, unless the Determining Body has obtained such facts by other means. The providing of such facts to the Determining Body shall not begin a new 60-day period.

(e) The Determining Body shall have no authority to revoke a determination that Indemnitee met the Standard of Conduct unless Indemnitee (i) submits fraudulent information to the Determining Body at any time during the 60 days prior to the Determination Date or (ii) fails to comply with the provisions of subsections (c) or (d) hereof, including without limitation Indemnitee's obligation to submit information or documents relevant to the Claim reasonably requested by the Determining Body prior to the Determination Date.

(f) In the case of any Claim not involving a proposed, threatened or pending criminal proceeding,

(i) if Indemnitee has, in the good faith judgment of the Determining Body, met the Standard of Conduct, the Corporation may, in its sole discretion after notice to Indemnitee, assume all responsibility for the defense of the Claim, and, in any event, the Corporation and the Indemnitee each shall keep the other informed as to the progress of the defense, including prompt disclosure of any proposals for settlement; provided that if the Corporation is a party to the Claim and Indemnitee reasonably determines that there is a conflict between the positions of the Corporation and Indemnitee with respect to the Claim, then Indemnitee shall be entitled to conduct his defense, with counsel of his choice; and provided further that Indemnitee shall in any event be entitled at his expense to employ counsel chosen by him to participate in the defense of the Claim; and

(ii) the Corporation shall fairly consider any proposals by Indemnitee for settlement of the Claim. If the Corporation (A) proposes a settlement acceptable to the person asserting the Claim, or (B) believes a settlement proposed by the person asserting the Claim should be accepted, it shall inform Indemnitee of the terms thereof and shall fix a reasonable date by which Indemnitee shall respond. If Indemnitee agrees to such terms, he shall execute such documents as shall be necessary to effect the settlement. If he does not agree he may proceed with the defense of the Claim in any manner he chooses, but if he is not successful on the merits or otherwise, the Corporation's obligation to indemnify him for any Expenses incurred following his disagreement shall be limited to the lesser of (A) the total Expenses incurred by him following his decision not to agree to such proposed settlement or (B) the amount the Corporation would have paid pursuant to the terms of the proposed settlement. If, however, the proposed settlement would impose upon Indemnitee any requirement to act or refrain from acting that would materially interfere with the conduct of his affairs, Indemnitee may refuse such settlement and proceed with the defense of the Claim, if he so desires, at the Corporation's expense without regard to the limitations imposed by the preceding sentence. In no event, however, shall the Corporation be obligated to indemnify Indemnitee for any amount paid in a settlement that the Corporation has not approved.

(g) In the case of a Claim involving a proposed, threatened or pending criminal proceeding, Indemnitee shall be entitled to conduct the defense of the claim, and to make all decisions with respect thereto, with counsel of his choice; provided, however, that the Corporation shall not be obligated to indemnify Indemnitee for an amount paid in settlement that the Corporation has not approved.

(h) After notifying the Corporation of the existence of a Claim, Indemnitee may from time to time request the Corporation to pay the Expenses (other than judgments, fines, penalties or amounts paid in settlement) that he incurs in pursuing a defense of the Claim prior to the time that the Determining Body determines whether the Standard of Conduct has been met. If the Disbursing Officer believes the amount requested to be reasonable, he shall pay to Indemnitee the amount requested (regardless of Indemnitee's apparent ability to repay such amount) upon receipt of an undertaking by or on behalf of Indemnitee to repay such amount if it shall ultimately be determined that he is not entitled to be indemnified by the Corporation under the circumstances. If the disbursing Officer does not believe such amount to be reasonable, the Corporation shall pay the amount deemed by him to be reasonable and Indemnitee may apply directly to the Determining Body for the remainder of the amount requested.

(i) After the Determining Body has determined that the Standard of Conduct was met, for so long as and to the extent that the Corporation is required to indemnify Indemnitee under this Agreement, the provisions of paragraph (h) shall continue to apply with respect to Expenses incurred after such time except that (i) no undertaking shall be required of Indemnitee and (ii) the Disbursing Officer shall pay to Indemnitee such amount of any fines, penalties or judgments against him which have become final as the Corporation is obligated to indemnify him.

(j) Any determination by the Corporation with respect to settlements of a Claim shall be made by the Determining Body.

(k) The Corporation and Indemnitee shall keep confidential, to the extent permitted by law and their fiduciary obligations, all facts and determinations provided or made pursuant to or arising out of the operation of this Section, and the Corporation and Indemnitee shall instruct its or his agents and employees to do likewise.

11.3 Enforcement.

(a) The rights provided by this Section shall be enforceable by Indemnitee in any court of competent jurisdiction.

(b) If Indemnitee seeks a judicial adjudication of his rights under this Section, Indemnitee shall be entitled to recover from the Corporation, and shall be indemnified by the Corporation against, any and all Expenses actually and reasonably incurred by him in connection with such proceeding but only if he prevails therein. If it shall be determined that Indemnitee is entitled to receive part but not all of the relief sought, then the Indemnitee shall be entitled to be reimbursed for all Expenses incurred by him in connection with such judicial adjudication if the amount to which he is determined to be entitled exceeds 50% of the amount of his claim. Otherwise, the Expenses incurred by Indemnitee in connection with such judicial adjudication shall be appropriately prorated.

(c) In any judicial proceeding described in this subsection, the Corporation shall bear the burden of proving that Indemnitee is not entitled to any Expenses sought with respect to any Claim.

11.4 Saving Clause. If any provision of this Section is determined by a court having jurisdiction over the matter to require the Corporation to do or refrain from doing any act that is in violation of applicable law, the court shall be empowered to modify or reform such provision so that, as modified or reformed, such provision provides the maximum indemnification permitted by law, and such provision, as so modified or reformed, and the balance of this Section, shall be applied in accordance with their terms. Without limiting the generality of the foregoing, if any portion of this Section shall be invalidated on any ground, the Corporation shall nevertheless indemnify an Indemnitee to the full extent permitted by any applicable portion of this Section that shall not have been invalidated and to the full extent permitted by law with respect to that portion that has been invalidated.

11.5 Non-Exclusivity.

(a) The indemnification and advancement of Expenses provided by or granted pursuant to this Section shall not be deemed exclusive of any other rights to which Indemnitee is or may become entitled under any statute, article of incorporation, by-law, authorization of shareholders or directors, agreement, or otherwise.

(b) It is the intent of the Corporation by this Section to indemnify and hold harmless Indemnitee to the fullest extent permitted by law, so that if applicable law would permit the Corporation to provide broader indemnification rights than are currently permitted, the Corporation shall indemnify and hold harmless Indemnitee to the fullest extent permitted by applicable law notwithstanding that the other terms of this Section would provide for lesser indemnification.

11.6 Successors and Assigns. This Section shall be binding upon the Corporation, its successors and assigns, and shall inure to the benefit of the Indemnitee's heirs, personal representatives, and assigns and to the benefit of the Corporation, its successors and assigns.

11.7 Indemnification of Other Persons. The Corporation may indemnify any person not covered by Sections 11.1 through 11.6 to the extent provided in a resolution of the Board or a separate section of these By-laws.

SECTION 12

ADOPTION AND AMENDMENT OF BY-LAWS

By-laws of the Corporation may be adopted and amended as provided in the Articles of Incorporation.

SECTION 13

MISCELLANEOUS

13.1 Dividends. Except as otherwise provided by law, the Articles of Incorporation or these By-laws, dividends upon the stock of the Corporation may be declared by the Board of Directors at any regular or special meeting. Dividends may be paid in cash, property, or shares of stock, subject to the limitations specified in the Articles of Incorporation.

13.2 Voting of Shares Owned by Corporation. Unless otherwise directed by the Board, any shares of capital stock issued by a wholly-owned subsidiary of the Corporation may be voted by the President of the Corporation, or by any person authorized to do so by the President, at any shareholders' meeting of the subsidiary (or in connection with any written consent in lieu thereof).

13.3 Fiscal Year. The Board of Directors may adopt for and on behalf of the Corporation a fiscal or a calendar year.

13.4 Seal. The Board of Directors may adopt a corporate seal, which shall have inscribed thereon the name of the Corporation. The seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise. Failure to affix the seal shall not, however, affect the validity of any instrument.

13.5 Gender. All pronouns and variations thereof used in these By-laws shall be deemed to refer to the masculine, feminine or neuter gender, singular or plural, as the identity of the person, persons, entity or entities referred to may require.

13.6 Control Share Acquisitions. The provisions of Sections 135 through 140.2 of the Louisiana Business Corporation Law (La.R.S. 12:135 through 140.2) do not apply to control share acquisitions of shares of the Corporation.

CHANGE OF CONTROL AGREEMENT

This Change of Control Agreement (the "Agreement") between Gulf Island Fabrication, Inc., a Louisiana corporation (the "Company"), and Roy F. Breerwood, III (the "Executive") is dated effective April 27, 2012 (the "Agreement Date").

**ARTICLE I
DEFINITIONS**

Whenever the following terms are used in this Agreement, they shall have the meaning specified below unless the context clearly indicates to the contrary. The singular pronoun shall include the plural where the context so indicates.

1.1 "Accrued Salary" has the meaning provided in Section 2.3(a)(i).

1.2 "Affiliate" of any Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such Person. For purposes of this definition, "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such person or entity, whether through the ownership of voting securities or otherwise; and the terms "controlling" and "controlled" shall have correlative meanings.

1.3 "Base Salary" has the meaning provided in Section 2.2(a).

1.4 "Beneficial Owner" (and variants thereof) with respect to a security, means a Person who, directly or indirectly (through any contract, understanding, relationship, or otherwise) has or shares (a) the power to vote, or direct of the voting of, the security, and (b) the power to dispose of, or to direct the disposition of, the security.

1.5 "Board" means the Board of Directors of the Company.

1.6 "Business Combination" means the consummation of a reorganization, merger or consolidation (including a merger or consolidation of the Company or any direct or indirect subsidiary of the Company), or sale or other disposition of all or substantially all of the assets of the Company.

1.7 "Cause."

(a) "Cause" means:

(i) the Executive's willful and continued failure to perform substantially the Executive's duties with the Company or its Affiliates (other than any such failure resulting from incapacity due to physical or mental illness), after a written demand for substantial performance is delivered to the Executive by the Board, which specifically identifies the manner in which the Board believes that the Executive has not substantially performed the Executive's duties;

(ii) the willful engaging in conduct that is demonstrably and materially injurious to the Company or any of its Affiliates, monetarily or otherwise;

(iii) unauthorized acts or omissions by the Executive that could reasonably be expected to cause material financial harm to the Company or materially disrupt Company operations;

(iv) commission by the Executive of an act of dishonesty (even if not a crime) resulting in the enrichment of the Executive at the expense of the Company;

(v) the Executive's knowing falsification or knowing attempted falsification of financial records of the Company in violation of SEC Rule 13b2-1; or

(vi) the final conviction of the Executive or an entering of a guilty plea or a plea of no contest by the Executive to a felony.

(b) For purposes of subparagraphs (a)(i) and (a)(ii) above, no act or failure to act, on the part of the Executive, shall be considered "willful" unless it is done, or omitted to be done, by the Executive in bad faith or without reasonable belief that the Executive's action or omission was in the best interest of the Company or its Affiliates.

(c) Any act, or failure to act, based on authority given pursuant to a resolution duly adopted by the Board, upon the instructions of a senior officer of the company, or based upon the advice of counsel for the Company or its Affiliates shall be conclusively determined to be done, or omitted to be done, by the Executive in good faith and in the best interest of the Company or its Affiliates.

(d) The termination of employment of the Executive shall not be deemed to be for Cause unless and until there shall have been delivered to the Executive a copy of a resolution duly adopted by the affirmative vote of not less than three-quarters of the entire membership of the Board at a meeting of the Board called and held for such purpose (after reasonable notice is provided to the Executive and the Executive, together with counsel, is given an opportunity to be heard before the Board), finding that, in the good faith opinion of the Board, the Executive is guilty of conduct described in subparagraph (a) above, and specifying the particulars of such conduct.

1.8 "Change of Control" means

(a) The acquisition by any Person of Beneficial Ownership of 30% or more of the outstanding shares of the Common Stock or 30% or more of the combined voting power of the Company's then-outstanding securities entitled to vote generally in the election of directors; provide, however, that for purposes of this Section 1.8(a), the following acquisitions shall not constitute a Change of Control:

(i) any acquisition (other than a Business Combination which constitutes a Change of Control under Section 1.8(c)) of Common Stock directly from the Company,

(ii) any acquisition of Common Stock by the Company,

(iii) any acquisition of Common Stock by any employee benefit plan (or related trust) sponsored or maintained by the Company or its Affiliates, or

(iv) any acquisition by Alden J. Laborde, his Immediate Family Members or any entity controlled by Alden J. Laborde or his Immediate Family Members; or

(b) individuals who, as of the Agreement Date, constituted the Incumbent Board, cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to such date whose election or nomination for election by the Company's shareholders was approved by a vote of at least two-thirds of the directors then comprising the Incumbent Board, unless such individual's initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a person other than the Incumbent Board; or

(c) a Business Combination, provided, however, that in no such case shall any such transaction constitute a Change of Control if immediately following such Business Combination:

(i) the individuals and entities who were the Beneficial Owners of the Company's outstanding Common Stock and the Company's voting securities entitled to vote generally in the election of directors immediately prior to such Business Combination have direct or indirect Beneficial Ownership, respectively, of more than 50% of the then outstanding shares of Common Stock, and more than 50% of the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors of the Post-Transaction Corporation;

(ii) except to the extent that such ownership existed prior to the Business Combination, no Person (excluding the Post-Transaction Corporation and any employee benefit plan or related trust of either the Company, the Post-Transaction Corporation, or any Affiliates of either) beneficially owns, directly or indirectly, 25% or more of the then outstanding shares of common stock of the corporation resulting from such Business Combination or 25% or more of the combined voting power of the then outstanding voting securities of such corporation; and

(iii) at least a majority of the members of the board of directors of the Post-Transaction Corporation were members of the Incumbent Board at the time of the execution of the initial agreement, or of the action of the Board of Directors, providing for such Business Combination; or

(d) approval by the shareholders of the Company of a complete liquidation or dissolution of the Company.

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

1.10 "Common Stock" means the common stock, no par value per share, of the Company.

1.11 "Company" means the Company as defined above and any successor to or assignee of (whether direct or indirect, by purchase, merger, consolidation, or otherwise) all or substantially all of the assets of the Company.

1.12 "Confidential Information" means any information, knowledge, or data of any nature and in any form (including information that is electronically transmitted or stored on any form of magnetic or electronic storage media) relating to the past, current, or prospective business or operations of the Company and its Affiliates, that at the time or times concerned is not generally known to persons engaged in businesses similar to those conducted or contemplated by the Company and its Affiliates (other than information known by such persons through a violation of an obligation of confidentiality to the Company), whether produced by the Company and its Affiliates or any of their consultants, agents, or independent contractors or by Executive, and whether or not marked confidential, including without limitation information relating to the Company's or its Affiliates' products and services, business plans, business acquisitions, processes, product or service research and development ideas, methods or techniques, training methods and materials, and other operational methods or techniques, quality assurance procedures or standards, operating procedures, files, plans, specifications, proposals, drawings, charts, graphs, support data, trade secrets, supplier lists, supplier information, purchasing methods or practices, distribution and selling activities, consultants' reports, marketing and engineering or other technical studies, maintenance records, employment or personnel data, marketing data, strategies or techniques, financial reports, budgets, projections, cost analyses, price lists, formulae and analyses, employee lists, customer records, customer lists, customer source lists, proprietary computer software, and internal notes and memoranda relating to any of the foregoing.

1.13 “**Continuation Period**” has the meaning provided in Section 2.3(c)(iii).

1.14 “**Disability**” means a condition that would entitle the Executive to receive benefits under the Company’s long-term disability insurance policy in effect at the time either because he is Totally Disabled or Partially Disabled, as such terms are defined in the Company’s policy in effect as of the Agreement Date or as similar terms are defined in any successor policy. If the Company has no long-term disability plan in effect, “Disability” shall occur if (a) the Executive is rendered incapable because of physical or mental illness of satisfactorily discharging his duties and responsibilities to the Company for a period of 90 consecutive days, (b) a duly qualified physician chosen by the Company and acceptable to the Executive or his legal representatives so certifies in writing, and (c) the Board determines that the Executive has become disabled.

1.15 “**Employment Term**” has the meaning provided in Section 2.1(a).

1.16 “**Expiration Date**” has the meaning provided in Section 2.1(a).

1.17 “**Good Reason**” means any action or inaction during the Employment Term that constitutes a material negative change in the service relationship between the Executive and the Company and a material breach by the Company of its obligations under the terms of this Agreement, provided that the Executive shall have provided written notice to the Company within 90 days of the initial existence of the condition described in this Section 1.17 and such event or condition continues uncured for a period of 30 days after written notice thereof is given by the Executive to the Company. A termination by the Executive with Good Reason shall constitute an involuntary termination for purposes of Section 409A of the Internal Revenue Code of 1986, as amended.

1.18 “**Immediate Family Members**” means the spouse and the natural or adopted children or grandchildren of a specified individual.

1.19 “**Incumbent Board**” means individuals who, as of a specified date, constituted the Board of Directors of the Company.

1.20 “**Person**” means a natural person, company, limited partnership, general partnership, limited liability company or partnership, joint venture, association, trust, bank, trust company, land trust, business trust or other organization, whether or not a legal entity, and a government or agency or political subdivision thereof.

1.21 “**Post-Transaction Corporation**.”

(a) Unless a Change of Control includes a Business Combination, Post-Transaction Corporation means the Company after the Change of Control.

(b) If a Change of Control includes a Business Combination, Post-Transaction Corporation means the corporation resulting from the Business Combination unless, as a result of such Business Combination, an ultimate parent corporation controls the Company or all or substantially all of the Company’s assets either directly or indirectly, in which case, Post-Transaction Corporation shall mean such ultimate parent corporation.

1.22 “**Pro Rata Bonus**” has the meaning provided in Section 2.3(a)(ii).

1.23 "Section 409A" means Section 409A of the Code, as amended, and the regulations and guidance issued thereunder.

1.24 "Termination Date" means, if Executive's status as an officer and employee is terminated (a) by reason of Executive's death, the date of Executive's death; (b) by reason of Disability, the date on which termination of Executive's status as an officer and employee becomes effective due to Disability; (c) by the Company other than by reason of death or Disability, the date of delivery of the notice of termination or any later date specified in the notice of termination, which date will not be more than 30 days after the giving of the notice; or (d) by the Executive other than by reason of death, the date of delivery of the notice of termination or any later date specified in the notice of termination, which date will not be more than 30 days after the giving of the notice.

ARTICLE II CHANGE OF CONTROL BENEFIT

2.1 Employment Term and Capacity after Change of Control.

(a) This Agreement shall commence on the Agreement Date and continue in effect through December 31, 2012 (the "Expiration Date"). If the Executive continues to serve as an officer of the Company and a Change of Control occurs on or before the Expiration Date, then the Executive's employment term (the "Employment Term") shall continue for a period of eighteen months following the Change of Control, subject to any earlier termination of Executive's status as an officer and employee pursuant to this Agreement.

(b) After a Change of Control and during the Employment Term, (i) the Executive's position (including status, offices, titles, and reporting requirements), authority, duties, and responsibilities shall be at least commensurate in all material respects with the most significant of those held, exercised, and assigned at any time during the 120-day period immediately preceding the Change of Control; and (ii) the Executive's services shall be performed at the location where the Executive was employed immediately preceding the Change of Control or any office or location less than 50 miles from such location. Executive's position, authority, duties, and responsibilities after a Change of Control shall not be considered commensurate in all material respects with Executive's position, authority, duties, and responsibilities prior to a Change of Control unless after the Change of Control the Executive holds an equivalent position in the Post-Transaction Corporation.

2.2 Compensation and Benefits. During the Employment Term, the Executive shall be entitled to the following compensation and benefits:

(a) Salary. An annual salary ("Base Salary") at the highest rate in effect for the Executive at any time during the 120-day period immediately preceding the Change of Control, payable to the Executive at such intervals no less frequent than the most frequent intervals in effect at any time during the 120-day period immediately preceding the Change of Control or, if more favorable to the Executive, the intervals in effect at any time after the Change of Control for other most senior executives of the Post-Transaction Corporation and its Affiliates.

(b) Bonus. Executive shall be entitled to participate in an annual incentive bonus program applicable to other most senior executives of the Post-Transaction Corporation and its Affiliates but in no event shall such program provide the Executive with incentive opportunities less favorable than the most favorable of those provided by the Company and its Affiliates for the Executive under the Company's annual cash plan as in effect for Executive at any time during the 120-day period immediately preceding the Change of Control or, if more favorable to the Executive, those provided generally at any time after the Change of Control to other most senior executives of the Post-Transaction Corporation and its Affiliates. Any such bonus shall be paid in cash no later than two and a half months following the close of the fiscal year for which it is earned.

(c) Fringe Benefits. The Executive shall be entitled to fringe benefits (including, but not limited to, automobile allowance, air travel, and reimbursement for club membership dues) in accordance with the most favorable agreements, plans, practices, programs, and policies of the Company and its Affiliates in effect for the Executive at any time during the 120-day period immediately preceding the Change of Control or, if more favorable to the Executive, as in effect generally at any time thereafter with respect to other most senior executives of the Post-Transaction Corporation and its Affiliates.

(d) Expenses. The Executive shall be entitled to receive prompt reimbursement for all reasonable business expenses (including food and lodging) incurred by the Executive in accordance with the most favorable agreements, policies, practices, and procedures of the Company and its Affiliates in effect for the Executive at any time during the 120-day period immediately preceding the Change of Control or, if more favorable to the Executive, as in effect generally at any time thereafter with respect to other most senior executives of the Post-Transaction Corporation and its Affiliates.

(e) Incentive, Savings and Retirement Plans. The Executive shall be entitled to participate in all incentive, savings and retirement plans, practices, policies, and programs applicable generally to other most senior executives of the Post-Transaction Corporation and its Affiliates, but in no event shall such plans, practices, policies, and programs provide the Executive with incentive opportunities (measured with respect to both regular and special incentive opportunities, to the extent, if any, that such distinction is applicable), savings opportunities and retirement benefit opportunities, in each case, less favorable than the most favorable of those provided by the Company and its Affiliates for the Executive under any agreements, plans, practices, policies, and programs as in effect at any time during the 120-day period immediately preceding the Change of Control.

(f) Welfare Benefit Plans. The Executive and the Executive's family shall be eligible for participation in and shall receive all benefits under welfare benefit plans, practices, policies, and programs provided by the Post-Transaction Corporation and its Affiliates (including, without limitation, medical, prescription, dental, disability, employee life, group life, accidental death, and travel accident insurance plans and programs) to the extent applicable generally to other most senior executives of the Post-Transaction Corporation and its Affiliates, but in no event shall such plans, practices, policies, and programs provide the Executive with benefits, in each case, less favorable than the most favorable of any agreements, plans, practices, policies and programs of the Company and its Affiliates in effect for the Executive at any time during the 120-day period immediately preceding the Change of Control.

(g) Indemnification and Insurance. The Post-Transaction Corporation shall indemnify the Executive, to the fullest extent permitted by applicable law, for any and all claims brought against him arising out of his services during or prior to the Employment Term. In addition, the Post-Transaction Corporation shall maintain a directors' and officers' insurance policy covering the Executive substantially in the form of the policy maintained by the Company and its Affiliates at any time during the 120-day period immediately preceding the Change of Control or, if more favorable to the Executive, as provided generally at any time thereafter with respect to other most senior executives of the Post-Transaction Corporation and its Affiliates.

(h) Office and Support Staff. The Executive shall be entitled to an office or offices of a size and with furnishings and other appointments, and to exclusive personal secretarial and other assistance, at least equal to the most favorable of the foregoing provided to the Executive by the Company and its Affiliates at any time during the 120-day period immediately preceding the Change of Control or, if more favorable to the Executive, as provided generally at any time thereafter with respect to other most senior executives of the Post-Transaction Corporation and its Affiliates.

(i) Vacation. The Executive shall be entitled to paid vacation in accordance with the most favorable agreements, plans, policies, programs, and practices of the Company and its Affiliates as in effect for the Executive at any time during the 120-day period immediately preceding the Change of Control or, if more favorable to the Executive, as in effect generally at any time thereafter with respect to other most senior executives of the Post-Transaction Corporation and its Affiliates.

2.3 Obligations upon Termination After a Change of Control.

(a) Termination as a Result of Death, Disability, or Retirement. If, after a Change of Control and during the Employment Term, (1) the Executive's status as an officer and employee is terminated by reason of the Executive's death, (2) the Post-Transaction Corporation terminates the Executive's status as an officer and employee by reason of Executive's Disability, or (3) the Executive retires and terminates his status as an officer and employee, then, subject to Section 2.3(f) and, if applicable, the six-month delay set forth in Section 2.7:

(i) the Post-Transaction Corporation or an Affiliate will pay to the Executive or his legal representatives the Executive's Base Salary earned through the Termination Date to the extent not previously paid (the "Accrued Salary");

(ii) the Post-Transaction Corporation or an Affiliate will pay to the Executive or his legal representatives a pro rata bonus in an amount determined by (1) calculating the average of the annual bonus received by the Executive in the three most recently completed fiscal years prior to the Termination Date, then (2) multiplying such bonus amount by the fraction obtained by dividing the number of days in the year through the Termination Date by 365 (the "Pro Rata Bonus"); and

(iii) the Post-Transaction Corporation or an Affiliate will pay or deliver, as appropriate, all other benefits earned by the Executive or accrued for his benefit pursuant to any employee benefit plans maintained by the Post-Transaction Corporation or its Affiliates with respect to services rendered by the Executive prior to the Termination Date.

(b) Termination by Company for Cause; by Executive for other than Good Reason. If, after a Change of Control and during the Employment Term, the Executive's status as an officer and employee is terminated by the Post-Transaction Corporation or an Affiliate for Cause, or by the Executive for other than Good Reason, the Post-Transaction Corporation or Affiliate will pay to the Executive the Accrued Salary without further obligation to the Executive other than for obligations by law and obligations for any benefits earned by the Executive or accrued for his benefit pursuant to any employee benefit plans maintained by the Post-Transaction Corporation or Affiliate with respect to services rendered by the Executive prior to the Termination Date.

(c) Termination by Company for Reasons Other than Death, Disability, or Retirement; Termination by Executive for Good Reason. If, after a Change of Control and during the Employment Term, (1) the Post-Transaction Corporation or an Affiliate terminates the Executive's status as an officer and employee other than for Cause, death, or Disability, or (2) the Executive terminates his status as an officer and employee for Good Reason, then, subject to Section 2.3(f) :

(i) The Post-Transaction Corporation or an Affiliate will pay to the Executive the Accrued Salary;

(ii) The Post-Transaction Corporation or an Affiliate will pay to the Executive in a lump sum in cash on the first business day that is more than six months after the Termination Date (A) the Pro Rata Bonus, and (B) an amount equal to one and one-half (1.5) times the sum of (x) the Executive's Base Salary in effect at the Termination Date and (y) the highest annual bonus awarded to the Executive during the three fiscal years immediately preceding the Termination Date;

(iii) For the period commencing on the Termination Date and ending on the earlier of (A) December 31st of the first calendar year following the calendar year in which the Termination Date occurs, or (B) the date that the Executive accepts new employment (the "Continuation Period"), the Post-Transaction Corporation or an Affiliate will at its expense maintain and administer for the continued benefit of Executive all insurance and welfare benefit plans in which Executive was entitled to participate as an employee as of the Termination Date; provided that Executive's continued participation is possible under the general terms and provisions of such plans and all applicable laws. If the Executive is a "specified employee" governed by Section 2.7 hereof, to the extent that any benefits provided to the Executive under this Section 2.3(c)(iii) are taxable to the Executive, then, with the exception of nontaxable medical insurance benefits, the value of the aggregate amount of such taxable benefits provided to the Executive pursuant to this Section 2.3(c)(iii) during the six-month period following the Termination Date shall be limited to the amount specified by Section 402(g)(1)(B) of Code for the year in which the termination occurred. The Executive shall pay the cost of any benefits that exceed the amount specified in the previous sentence during the six month period following the date of termination, and shall be reimbursed in full by the Company during the seventh month after the Termination Date. The coverage and benefits (including deductibles and costs) provided under any such benefit plan in accordance with this paragraph during the Continuation Period will be no less favorable to Executive than the most favorable of such coverages and benefits as of the Termination Date. If Executive's participation in any such benefit plan is barred or any such benefit plan is terminated, the Post-Transaction Corporation or its Affiliate will provide Executive with benefits substantially similar or comparable in value to those Executive would otherwise have been entitled to receive under such plans. At the end of the Continuation Period, the Executive will have the option to have assigned to him, at no cost and with no apportionment of prepaid premiums, any assignable insurance owned by the Post-Transaction Corporation or its Affiliate that relates specifically to the Executive. To the maximum extent permitted by law, the Executive will be eligible for coverage under COBRA at the end of the Continuation Period or earlier cessation of the Post-Transaction Corporation's obligation under the foregoing provisions of this paragraph;

(iv) All benefits that the Executive is entitled to receive pursuant to benefit plans maintained by the Post-Transaction Corporation or an Affiliate under which benefits are calculated based upon years of service or age will be calculated by treating the Executive as having attained one and one-half (1.5) additional years of age and as having provided one and one-half (1.5) additional years of service as of the Termination Date; and

(v) The Post-Transaction Corporation or an Affiliate will pay or deliver, as appropriate, all other benefits earned by the Executive or accrued for his benefit pursuant to any employee benefit plans maintained by the Post-Transaction Corporation or Affiliate with respect to services rendered by the Executive prior to the Termination Date.

(d) Resignation from Board of Directors. If the Executive is a director of the Post-Transaction Corporation or any of its Affiliates and his status as an officer and employee is terminated for any reason other than death, the Executive will, if requested by the Post-Transaction Corporation, immediately resign as a director of the Post-Transaction Corporation and its Affiliates. If such resignation is not received within 20 business days after the Executive actually receives written notice from the Post-Transaction Corporation requesting the resignation, the Executive will forfeit any right to receive any payments pursuant to this Agreement.

(e) Nondisclosure and Proprietary Rights. The rights and obligations of the Company and the Executive contained in Article III hereof will continue to apply notwithstanding a termination following a Change of Control.

(f) Most Favorable Benefits. It is the intention of the parties that the terms of this Agreement provide payments and benefits to the Executive that are equivalent or more beneficial to the Executive than are otherwise available to the Executive under the terms of any applicable benefit plan or related compensation agreement. To that end, the terms of the Agreement shall govern the payments and benefits to which the Executive shall be entitled upon the termination of the Executive's status as an officer and employee as provided herein, except that if the terms of any applicable benefit plan or related compensation agreement provide more favorable benefits to the Executive than are provided hereunder, the terms of such plan or agreement shall control.

2.4 Excise Tax Provision.

(a) Notwithstanding any other provisions of this Agreement, if a Change of Control occurs during the original or extended term of this Agreement, in the event that any payment or benefit received or to be received by the Executive in connection with the Change of Control of the Company or the termination of the Executive's employment under this Agreement or any other agreement between the Company and the Executive (all such payments and benefits, including the payments and benefits under Section 2.3(c) hereof, being hereinafter called "Total Payments") would be subject (in whole or in part), to an excise tax imposed by section 4999 of the Code (the "Excise Tax"), then the cash payments under Section 2.3(c) hereof shall first be reduced, and the noncash payments and benefits under the other sections hereof shall thereafter be reduced, to the extent necessary so that no portion of the Total Payments is subject to the Excise Tax but only if (A) the net amount of such Total Payments, as so reduced (and after subtracting the net amount of federal, state and local income and employment taxes on such reduced Total Payments) is greater than or equal to (B) the net amount of such Total Payments without such reduction (but after subtracting the net amount of federal, state and local income and employment taxes on such Total Payments and the amount of Excise Tax to which the Employee would be subject in respect of such unreduced Total Payments); provided, however, that the Executive may elect to have the noncash payments and benefits hereof reduced (or eliminated) prior to any reduction of the cash payments under Section 2.3(c) hereof.

(b) For purposes of determining whether and the extent to which the Total Payments will be subject to the Excise Tax, (i) no portion of the Total Payments the receipt or enjoyment of which the Executive shall have waived at such time and in such manner as not to constitute a "payment" within the meaning of section 280G(b) of the Code shall be taken into account, (ii) no portion of the Total Payments shall be taken into account which, in the opinion of tax counsel ("Tax Counsel") reasonably acceptable to the Executive and selected by the accounting firm (the "Auditor") which was, immediately prior to a Change of Control or other event giving rise to a potential Excise Tax, the Company's independent auditor, does not constitute a "parachute payment" within the meaning of section 280G(b)(2) of the Code (including by reason of section 280G(b)(4)(A) of the Code) and, in calculating the Excise Tax, no portion of such Total Payments shall be taken into account which, in the opinion of Tax Counsel, constitutes reasonable compensation for services actually rendered, within the meaning of section 280G(b)(4)(B) of the Code, in excess of the "Base Amount" (within the meaning set forth in section 280G(b)(3) of the Code) allocable to such reasonable compensation, and (iii) the value of any non cash benefit or any deferred payment or benefit included in the Total Payments shall be determined by the Auditor in accordance with the principles of sections 280G(d)(3) and (4) of the Code.

(c) At the time that payments are made under this Agreement, the Post-Transaction Corporation shall provide the Executive with a written statement setting forth the manner in which such payments were calculated and the basis for such calculations including, without limitation, any opinions or other advice the Post-Transaction Corporation has received from Tax Counsel, the Auditor, or other advisors or consultants (and any such opinions or advice which are in writing shall be attached to the statement).

2.5 Stock Options; Restricted Stock. The foregoing benefits are intended to be in addition to the value of any options to acquire Common Stock of the Company, the exercisability of which is accelerated pursuant to the terms of any stock option agreement, any restricted stock the vesting of which is accelerated pursuant to the terms of the restricted stock agreement, and any other incentive or similar plan heretofore or hereafter adopted by the Company.

2.6 Legal Fees. The Company agrees to pay as incurred all legal fees and expenses that the Executive may reasonably incur as a result of any contest (regardless of the outcome thereof) by the Company, the Executive or others of the validity or enforceability of, or liability under, any provision of this Agreement (including as a result of any contest by the Executive about the amount or timing of any payment pursuant to this Agreement).

2.7 Section 409A.

(a) It is the intention of the parties that payments or benefits payable under this Agreement not be subject to the additional tax imposed pursuant to Section 409A, and the provisions of this Agreement shall be construed and administered in accordance with such intent. To the extent any potential payments or benefits could become subject to Section 409A, the parties shall cooperate to amend this Agreement with the goal of giving the Executive the economic benefits described herein in a manner that does not result in such tax being imposed. If the parties are unable to agree on a mutually acceptable amendment, the Company may, without the Executive's consent and in such manner as it deems appropriate, amend or modify this Agreement or delay the payment of any amounts hereunder to the minimum extent necessary to meet the requirements of Section 409A.

(b) No payments or benefits provided herein that are paid because of a termination of employment under circumstances described herein shall be paid, unless such termination of employment also constitutes a "separation from service" within the meaning of Section 409A.

(c) If Executive is a "specified employee," any payments payable as a result of Executive's termination of employment (other than as a result of death) shall not be payable before the earlier of (i) the first business day that is more than six months after Executive's Termination Date, (ii) the date of Executive's death, or (iii) the date that otherwise complies with the requirements of Section 409A. "Specified employee" shall mean the Executive if the Executive is a key employee under Treasury Regulations Section 1.409A-1(i) because of final and binding action taken by the Board or its compensation committee, or by operation of law or such regulation.

(d) No acceleration of payments and benefits provided for in this Agreement shall be permitted, except that the Company may accelerate payment, if permitted by Section 409A, as necessary to allow the Executive to pay FICA taxes on amounts payable hereunder and additional taxes resulting from the payment of such FICA amount, or as necessary to pay taxes and penalties arising as a result of the payments provided for in this Agreement failing to meet the requirements of Section 409A. In no event shall the Executive, directly or indirectly, designate the calendar year of payment.

(e) To the extent that the amounts payable under this Article II are reimbursements and other separation payments described under Treasury Regulations Section 1.409A-1(b)(9)(v), such payments do not provide for the deferral of compensation. If they do constitute deferral of compensation governed by Section 409A, they shall be deemed to be reimbursements or in-kind benefits governed by Treasury Regulations Section 1.409A-3(i)(1)(iv). If the previous sentence applies, (i) the amount of expenses eligible for reimbursement or in-kind benefits provided during the Executive's taxable year shall not affect the expenses eligible for reimbursement or in-kind benefits in any other taxable year, (ii) the reimbursement of an eligible expense must be made on or before the last day of the Executive's taxable year following the taxable year in which the expense was incurred, and (iii) the right to reimbursement or in-kind benefits shall not be subject to liquidation or exchange for another benefit.

**ARTICLE III
NONDISCLOSURE AND PROPRIETARY RIGHTS**

3.1 Non-disclosure of Confidential Information. Executive will hold in a fiduciary capacity for the benefit of the Company all Confidential Information obtained by Executive during Executive's employment (whether prior to or after the Agreement Date) and will use such Confidential Information solely within the scope of his employment with and for the exclusive benefit of the Company. For a period of two years after the Termination Date, Executive agrees (a) not to communicate, divulge or make available to any person or entity (other than the Company) any such Confidential Information, except upon the prior written authorization of the Company or as may be required by law or legal process; and (b) to deliver promptly to the Company any Confidential Information in his possession, including any duplicates thereof and any notes or other records Executive has prepared with respect thereto. In the event that the provisions of any applicable law or the order of any court would require Executive to disclose or otherwise make available any Confidential Information, Executive will give the Company prompt prior written notice of such required disclosure and an opportunity to contest the requirement of such disclosure or apply for a protective order with respect to such Confidential Information by appropriate proceedings.

3.2 Injunctive Relief; Other Remedies. Executive acknowledges that a breach by Executive of Section 3.1 would cause immediate and irreparable harm to the Company for which an adequate monetary remedy does not exist; hence, Executive agrees that, in the event of a breach or threatened breach by Executive of the provisions of Section 3.1, the Company will be entitled to injunctive relief restraining Executive from such violation without the necessity of proof of actual damage or the posting of any bond, except as required by non waivable, applicable law. Nothing herein, however, will be construed as prohibiting the Company from pursuing any other remedy at law or in equity to which the Company may be entitled under applicable law in the event of a breach or threatened breach of this Agreement by Executive, including without limitation the recovery of damages and/or costs and expenses, such as reasonable attorneys' fees, incurred by the Company as a result of any such breach or threatened breach. In addition to the exercise of the foregoing remedies, the Company will have the right upon the occurrence of any such breach to offset the damages of such breach as determined by the Company, against any unpaid salary, bonus, commissions, or reimbursements otherwise owed to Executive. In particular, Executive acknowledges that the payments provided under Article II are conditioned upon Executive fulfilling the nondisclosure agreements contained in this Article III. If Executive at any time materially breaches nondisclosure agreements contained in this Article III, then the Company may offset the damages of such breach, as determined solely by the Company, against payments otherwise due to Executive under Article II or, at the Company's option, suspend payments otherwise due to Executive under Article II during the period of such breach. Executive acknowledges that any such offset or suspension of payments would be an exercise of the Company's right to offset or suspend its performance hereunder upon Executive's breach of this Agreement; such offset or suspension of payments would not constitute, and shall not be characterized as, the imposition of liquidated damages.

3.3 Governing Law of this Article III; Consent to Jurisdiction. Any dispute regarding the reasonableness of the covenants and agreements set forth in this Article III or duration thereof, or the remedies available to the Company upon any breach of such covenants and agreements, will be governed by and interpreted in accordance with the laws of the State of the United States or other jurisdiction in which the alleged prohibited disclosure occurs, and, with respect to each such dispute, the Company and Executive each hereby consent to the jurisdiction of the state and federal courts sitting in the relevant State (or, in the case of any jurisdiction outside the United States, the relevant courts of such jurisdiction) for resolution of such dispute, and agree that service of process may be made upon him or it in any legal proceeding relating to this Article III by any means allowed under the laws of such jurisdiction.

3.4 Executive's Understanding of this Article. Executive hereby represents to the Company that he has read and understands, and agrees to be bound by, the terms of this Article III. Executive acknowledges that the duration of the covenants contained in Article III are the result of arm's length bargaining and are fair and reasonable in light of (a) the importance of the functions performed by Executive and the length of time it would take the Company to find and train a suitable replacement, and (b) Executive's level of control over and contact with the business and operations of the Company and its Affiliates in various jurisdictions where same are conducted. It is the desire and intent of the parties that the provisions of this Agreement be enforced to the fullest extent permitted under applicable law, whether now or hereafter in effect and, therefore, to the extent permitted by applicable law, the parties hereto waive any provision of applicable law that would render any provision of this Article III invalid or unenforceable.

**ARTICLE IV
MISCELLANEOUS**

4.1 Binding Effect; Successors.

(a) This Agreement shall be binding upon and inure to the benefit of the Company and any of its successors or assigns.

(b) This Agreement is personal to the Executive and shall not be assignable by the Executive without the consent of the Company (there being no obligation to give such consent) other than such rights or benefits as are transferred by will or the laws of descent and distribution.

(c) The Company shall require any successor to or assignee of (whether direct or indirect, by purchase, merger, consolidation, or otherwise) all or substantially all of the assets or businesses of the Company (i) to assume unconditionally and expressly this Agreement and (ii) to agree to perform or to cause to be performed all of the obligations under this Agreement in the same manner and to the same extent as would have been required of the Company had no assignment or succession occurred, such assumption to be set forth in a writing reasonably satisfactory to the Executive.

(d) The Company shall also require all entities that control or that after the transaction will control (directly or indirectly) the Company or any such successor or assignee to agree to cause to be performed all of the obligations under this Agreement, such agreement to be set forth in a writing reasonably satisfactory to the Executive.

4.2 Notices. All notices hereunder must be in writing and, unless otherwise specifically provided herein, will be deemed to have been given upon receipt of delivery by: (a) hand (against a receipt therefor), (b) certified or registered mail, postage prepaid, return receipt requested, (c) a nationally recognized overnight courier service (against a receipt therefor) or (d) teletype transmission with confirmation of receipt. All such notices must be addressed as follows:

If to the Company:

Gulf Island Fabrication, Inc.
Attn: Kerry J. Chauvin, Chairman and CEO
567 Thompson Road
Houma, Louisiana 70363

If to the Executive:

Roy F. Breerwood, III
567 Thompson Road
Houma, Louisiana 70363

or such other address as to which any party hereto may have notified the other in writing.

4.3 Governing Law. Except as provided in Article III hereof, this Agreement shall be construed and enforced in accordance with and governed by the internal laws of the State of Louisiana without regard to principles of conflict of laws.

4.4 Withholding. The Executive agrees that the Company has the right to withhold, from the amounts payable pursuant to this Agreement, all amounts required to be withheld under applicable income and/or employment tax laws, or as otherwise stated in documents granting rights that are affected by this Agreement.

4.5 Amendment; Waiver. No provision of this Agreement may be modified, amended, or waived except by an instrument in writing signed by both parties, unless permitted by Section 2.7(a).

4.6 Severability. If any term or provision of this Agreement, or the application thereof to any person or circumstance, shall at any time or to any extent be invalid, illegal or unenforceable in any respect as written, Executive and the Company intend for any court construing this Agreement to modify or limit such provision so as to render it valid and enforceable to the fullest extent allowed by law. Any such provision that is not susceptible of such reformation shall be ignored so as to not affect any other term or provision hereof, and the remainder of this Agreement, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid, illegal or unenforceable, shall not be affected thereby and each term and provision of this Agreement shall be valid and enforced to the fullest extent permitted by law.

4.7 Waiver of Breach. The waiver by either party of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any subsequent breach thereof.

4.8 Remedies Not Exclusive. No remedy specified herein shall be deemed to be such party's exclusive remedy, and accordingly, in addition to all of the rights and remedies provided for in this Agreement, the parties shall have all other rights and remedies provided to them by applicable law, rule or regulation.

4.9 Company's Reservation of Rights. Executive acknowledges and understands that the Executive serves at the pleasure of the Board and that the Company has the right at any time to terminate Executive's status as an employee of the Company or any of its Affiliates, or to change or diminish his status during the Employment Term, subject to the rights of the Executive to claim the benefits conferred by this Agreement.

4.10 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument.

* * * * *

IN WITNESS WHEREOF, the Company and the Executive have caused this Agreement to be executed as of the Agreement Date.

GULF ISLAND FABRICATION, INC.

/s/ Kerry J. Chauvin

Kerry J. Chauvin
Chairman of the Board and Chief Executive Officer

EXECUTIVE

/s/ Roy F. Breerwood, III

Roy F. Breerwood, III