

**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 19, 2021

Gulf Island Fabrication, Inc.

(Exact name of registrant as specified in its charter)

Louisiana
(State or other jurisdiction
of incorporation)

001-34279
(Commission
File Number)

72-1147390
(IRS Employer
Identification No.)

**16225 Park Ten Place, Suite 300
Houston, Texas 77084**

(Address of principal executive offices)(Zip Code)

(713) 714-6100

(Registrant's telephone number, including area code)

Not applicable

(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:

- ☐ 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))

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, no par value per share	GIFI	NASDAQ

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR § 240.12b-2).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 1.01 Entry into a Material Definitive Agreement.

The information in Item 2.01 of this Current Report on Form 8-K is hereby incorporated by reference into this Item 1.01.

Item 2.01 Completion of Acquisition or Disposition of Assets.

On April 19, 2021 (the “Closing Date” or at “Closing”), Gulf Island Fabrication, Inc. (the “Company”), and Gulf Island Shipyards, LLC and Gulf Island, L.L.C., each a subsidiary of the Company (collectively, the “Sellers”), entered into a definitive agreement (the “Purchase Agreement”) pursuant to which we sold the assets and certain vessel construction contracts of our Shipyard Division (“Shipyard Transaction”) to Bollinger Houma Shipyards, L.L.C. and Bollinger Shipyards Lockport, L.L.C. (collectively, “Bollinger”) for approximately \$28.6 million (“Transaction Price”) (\$26.1 million, net of estimated transaction and other costs). We received \$26.4 million of the Transaction Price on the Closing Date and the remainder will be received upon Bollinger’s collection of certain customer payments associated with the Divested Shipyard Contracts (defined below).

At Closing, we also received \$8.0 million from Bollinger, representing an estimate of the change in working capital for the Divested Shipyard Contracts from December 31, 2020 through the Closing Date (the “Closing Adjustment”). The Closing Adjustment is subject to a post-closing reconciliation and further adjustment (“Closing Adjustment True-Up”) based on actual changes in working capital for the Divested Shipyard Contracts from December 31, 2020 through the Closing Date compared to the Closing Adjustment.

In connection with the Shipyard Transaction, we will retain approximately \$11.2 million in net working capital liabilities associated with the Divested Shipyard Contracts. Accordingly, our net cash proceeds inclusive of the Closing Adjustment and estimated Closing Adjustment True-up, and after our payment of the retained working capital liabilities associated with the Divested Shipyard Contracts, are estimated to be approximately \$15.0 million. The net cash proceeds will be used to fund net working capital liabilities associated with the Retained Shipyard Contracts (defined below) and other Shipyard Division liabilities (which totaled approximately \$13.1 million at December 31, 2020) and the wind down of the Shipyard Division operations, which is anticipated to occur by mid-2022.

Included in the Shipyard Transaction are the Shipyard Division’s:

- Property, inventory and equipment in Houma, Louisiana;
- Contracts and related obligations for the construction of three research vessels for Oregon State University and five towing, salvage and rescue ships for the U.S. Navy (collectively, the “Divested Shipyard Contracts”);
- Contract retentions, contract assets (representing unbilled contract amounts), contract liabilities (representing accrued contract losses and advance payment obligations) and certain accounts payable associated with the Divested Shipyard Contracts as of the Closing Date; and
- Four drydocks (of which two were held for sale at December 31, 2020).

Bollinger has agreed to offer employment to most of the employees of our Shipyard Division associated with the Acquired Shipyard Contracts, subject to its normal employee onboarding procedures.

Excluded from the Shipyard Transaction are the Shipyard Division’s:

- Accounts receivable, certain accounts payable and other accrued liabilities associated with the Divested Shipyard Contracts as of the Closing Date;
- Contracts and related obligations for the construction of two forty-vehicle ferries for the North Carolina Department of Transportation, a seventy-vehicle ferry for the Texas Department of Transportation, and two multi-purpose service vessels for Hornbeck Offshore Services that are subject to dispute, together with the associated accounts receivable, accounts payable and other accrued liabilities (collectively, the “Retained Shipyard Contracts”);
- The Lake Charles Yard and Jennings Yard which were closed in the fourth quarter 2020; and
- Remaining assets and liabilities of the Shipyard Division.

We will retain those employees of our Shipyard Division associated with the Retained Shipyard Contracts.

We anticipate recording a pre-tax loss of approximately \$26.0 million to \$28.0 million in connection with the Shipyard Transaction, representing the estimated carry value of the net assets sold over the Transaction Price, inclusive of the Closing Adjustment and Closing Adjustment True-Up, at Closing.

In connection with the Shipyard Transaction, the parties also entered a transition services agreement, pursuant to which each party will provide certain transition services to the other party.

The foregoing description of the Purchase Agreement does not purport to be complete and is qualified in its entirety by reference to the full text of the Purchase Agreement, which is attached to this Form 8-K as Exhibit 2.1.

Item 3.03 Material Modification to Rights of Security Holders.

On April 19, 2021, and in connection with the receipt of a consent for the Shipyard Transaction, the Company and certain of our subsidiaries entered into a restrictive covenant regarding restrictive payments (the “Restrictive Covenant Agreement”) with Fidelity and Deposit Company of Maryland and Zurich American Insurance Company (collectively, “Zurich”) pursuant to which we are precluded from making dividends or repurchasing shares of our common stock until either all of the liabilities of Zurich associated with outstanding bonds for certain Retained Shipyard Contracts are discharged, or any judgment against the Company or Zurich arising out of litigation related to such Retained Shipyard Contracts is satisfied.

The foregoing description of the Restrictive Covenant Agreement does not purport to be complete and is qualified in its entirety by reference to the full text of the Restrictive Covenant Agreement, which is attached to this Form 8-K as Exhibit 10.2.

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

(b) and (e) On April 16, 2021, and in connection with the Shipyard Transaction, we entered into an Employment Agreement (the “Employment Agreement”) with Christian G. Vaccari, Senior Vice President – Shipyard Division, for a term of one-year. Pursuant to the Employment Agreement, Mr. Vaccari will no longer be an officer of the Company but will continue to provide limited services to us until April 15, 2022, at which time his employment will terminate, unless terminated earlier pursuant to the terms of the Agreement. During the remaining term of his employment, Mr. Vaccari’s annual base salary will be \$167,500. In addition, his outstanding 33,334 restricted stock units will vest on March 8, 2022.

The foregoing description of the Employment Agreement does not purport to be complete and is qualified in its entirety by reference to the full text of the Employment Agreement, which is attached to this Form 8-K as Exhibit 10.1.

Item 7.01 Regulation FD Disclosure.

On April 19, 2021, we issued a press release (the “Press Release”) announcing the completion of the Shipyard Transaction. A copy of the Press Release is attached as Exhibit 99.2.

Neither the information reported herein nor in the Press Release shall be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”) or otherwise subject to the liabilities of that section unless we specifically state that the information is to be considered “filed” under the Exchange Act or incorporate it by reference into a filing under the Securities Act of 1933, as amended, or the Exchange Act.

Item 8.01 Other Events.

On April 19, 2021, and in connection with the receipt of a consent for the Shipyard Transaction, the Company and certain of our subsidiaries entered into a multiple indebtedness mortgage (the “Mortgage Agreement”) in favor of Zurich to secure the obligations and liabilities of the Company and certain of its subsidiaries under our general indemnity agreement with Zurich associated with outstanding bonds for certain Retained Shipyard Contracts. The Mortgage Agreement encumbers all remaining real estate that was not sold in connection with the Shipyard Transaction and includes certain covenants and events of default. The Mortgage Agreement will terminate when all of the obligations and liabilities of Zurich associated with the outstanding bonds for certain Retained Shipyard Contracts are discharged, or any judgment against the Company or Zurich arising out of litigation related to such contracts is satisfied.

Item 9.01 Financial Statements and Exhibits.

(b) Pro forma financial information

The information set forth in Exhibit 99.1 to this Current Report on Form 8-K, which includes our unaudited pro forma condensed combined financial information is incorporated herein by reference.

(d) Exhibits

Exhibit No.	Description
2.1	<u>Asset Purchase Agreement by and among Bollinger Houma Shipyards, L.L.C. and Bollinger Shipyards Lockport, L.L.C., as purchasers, and Gulf Island Fabrication, Inc., Gulf Island Shipyards, LLC and Gulf Island, L.L.C., as sellers, dated April 19, 2021.</u> *†
10.1	<u>Employment Agreement by and between Gulf Island Fabrication, Inc. and Christian G. Vaccari, dated April 16, 2021.</u>

- 10.2 [Restrictive Covenant Regarding Restrictive Payments by and among Gulf Island Fabrication, Inc., Gulf Island, L.L.C., Gulf Island Shipyards, L.L.C., Fidelity and Deposit Company of Maryland and Zurich American Insurance Company, dated April 19, 2021.](#) †
- 10.3 [Multiple Indebtedness Mortgage by and among Fidelity and Deposit Company of Maryland and Zurich American Insurance Company, as mortgagees, and Gulf Island, L.L.C and Gulf Island Services, L.L.C. f/k/a Dolphin Services, L.L.C., as mortgagors, dated April 19, 2021.](#)
- 99.1 [Unaudited pro forma condensed consolidated financial information of Gulf Island Fabrication, Inc. as of December 31, 2020 and for the years ended December 31, 2020 and 2019.](#)
- 99.2 [Press Release dated April 19, 2021, announcing the sale of assets and certain vessel construction contracts of Gulf Island Fabrication, Inc.'s Shipyard Division.](#)
- 104 Cover Page Interactive Data File (embedded within the Inline XBRL document).

* *Schedule and exhibits have been omitted from this Exhibit pursuant to Item 601(b)(2) of Regulation S-K. A copy of any omitted schedule or exhibit will be furnished supplementary to the U.S. Securities and Exchange Commission upon request; provided, however, that the Company may request confidential treatment pursuant to Rule 24b-2 of the Exchange Act for any documents to be furnished.*

† *Certain identified information has been redacted from this Exhibit because it is both not material and is the type that the Company treats as private or confidential.*

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/ Westley S. Stockton

Westley S. Stockton

Executive Vice President, Chief Financial Officer, Secretary and Treasurer
(Principal Financial Officer)

Dated: April 19, 2021

*Certain identified information has been excluded from this exhibit because it is both not material and is the type that the registrant treats as private or confidential. Information that was omitted has been noted in this document with a placeholder identified by the mark “[***]”.*

ASSET PURCHASE AGREEMENT

by and among

BOLLINGER HOUMA SHIPYARDS, L.L.C., and

BOLLINGER SHIPYARDS LOCKPORT, L.L.C.,

as Purchasers,

and

GULF ISLAND SHIPYARDS, LLC,

GULF ISLAND, L.L.C.,

and

GULF ISLAND FABRICATION, INC.,

as Sellers

Dated as of April 19, 2021

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*All exhibits and schedules have been intentionally omitted pursuant to Item 601(b)(2) and (a)(5).

ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT (this "Agreement") is dated April 19, 2021 (the "Effective Date"), by and among Bollinger Houma Shipyards, L.L.C., a Louisiana limited liability company ("BHS"), Bollinger Shipyards Lockport, L.L.C., a Louisiana limited liability company ("BSL" and, together with BHS, "Purchasers"), Gulf Island Shipyards, LLC, a Louisiana limited liability company ("GIS"), Gulf Island, L.L.C., a Louisiana limited liability company ("GI"), and Gulf Island Fabrication, Inc., a Louisiana corporation ("GIFI" and, together with GIS and GI, "Sellers").

RECITALS

WHEREAS, Sellers, collectively, are engaged in the business of (a) fabricating newbuild marine vessels, (b) providing marine repair and maintenance services, and (c) performing marine vessel conversion projects to permit such vessel's use for a different type of activity or enhance its capacity or functionality (the "Shipyards Business"); and

WHEREAS, on the terms and conditions set forth in this Agreement, Sellers desire to sell to Purchasers, and Purchasers desire to purchase from Sellers, certain specified assets of Sellers owned or used in connection with the operation of the Shipyards Business (the "Acquisition").

NOW, THEREFORE, in consideration of the above and the mutual warranties, representations, covenants and agreements set forth herein, the parties hereby agree as follows:

ARTICLE 1 PURCHASE OF ASSETS

Section 1.1 Agreement to Purchase and Sell

(a) Subject to the terms and conditions set forth herein, on the Closing Date, GI shall sell, convey, transfer, assign and deliver to BHS, and BHS shall purchase, acquire and accept delivery from GI, all of GI's right, title and interest in and to (i) all of the real property located at 301 Gulf Island Road, Houma, Louisiana 70363 and related tracts, including the adjacent undeveloped tract owned by GI, and (ii) the Houma Navigational Canal (to the extent included in the chain of title of such aforementioned developed and undeveloped tracts), in each case with metes and bounds described on Schedule 1.1(a) hereto (all of the foregoing, collectively, the "Owned Real Property"), in each case free and clear of all Liens (other than Permitted Liens).

(b) Subject to the terms and conditions set forth herein, on the Closing Date, GIS shall sell, convey, transfer, assign and deliver to BSL (as to clause (i)) and BHS (as to clauses (ii)-(iv)), and BSL (as to clause (i)) and BHS (as to clauses (ii)-(iv)) shall purchase, acquire and accept delivery from GIS, all of GIS's right, title and interest in and to the following properties, rights and assets owned, used or held for use by GIS in connection with the operation of the Business (the "GIS Assets"), free and clear of all Liens (other than Permitted Liens):

(i) (A) Contract No. N00024-18-C-2207 issued by Naval Sea Systems Command, SEA 02 to GIS on March 16, 2018 (as amended by the Navy Mod and otherwise, the "Navy Contract"), (B) Second Amended & Restated Shipyard Contract No. 184162 dated April 15, 2019 between GIS and Oregon State University (as amended, the "OSU Contract" and, together with the Navy Contract, the "Seller Construction Contracts"), and (C) any purchase orders, vendor contracts and warranties, or other contracts, agreements and instruments related to the Navy Contract or the OSU Contract that are identified on Schedule 1.1(b)(i) hereto (items (A)-(C), collectively, the "Assumed Contracts");

(ii) All (A) inventory used or consumed in connection with the Seller Construction Contracts, (B) all other personal property (including scrap material) that was located on the Owned Real Property as of March 3, 2021 (or any time thereafter until the Closing Date), including any parts (including vessel parts), equipment and furniture and fixtures located thereon, including without limitation those assets identified on Schedule 1.1(b)(ii)(B) hereto and (C) such other items identified on Schedule 1.1(b)(ii)(C) hereto, in each case except to the extent such property are Excluded Assets (items (A)-(C), collectively, the "Personal Property");

(iii) Four (4) 200 Ton Nominal Capacity – Kamag Module Type 2406 HS 4 E Self Propelled Module Transports (with the following identification numbers: Number 201-02232, 81-01472, 20101721, and 81-01473, and together with two (2) Kamag Power Pack Units (with the following identification numbers: VIN 201-02235 and VIN 20101724), as more particularly described on Schedule 1.1(b)(iii) hereto (together with all remote controls and other equipment necessary to operate such Units, collectively, the "Lift Equipment");

(iv) Four drydocks as more particularly described on Schedule 1.1(b)(iv) hereto; and

(v) All transferable Business Permits other than Shared Permits.

(c) Subject to the terms and conditions set forth herein, on the Closing Date, Sellers shall sell, convey, transfer, assign and deliver to BSL, and BSL shall purchase, acquire and accept delivery from Sellers, all of Sellers' right, title and interest in and to the following intangible properties, rights and assets owned by Sellers in connection with the operation of the Business, free and clear of all Liens (other than Permitted Liens):

(i) All Intellectual Property used by Sellers or developed by Sellers, alone or jointly with any customer, supplier, vendor, or other third party, in connection with the design, repair, conversion or construction of marine vessels, including but not limited to those Intellectual Property rights that are the subject of the Assumed Contracts, in each case subject to Sellers having the right to sell, convey, transfer, assign and deliver without (A) conflicting with or resulting in a violation of any Law, and (B) conflicting with, constituting grounds for termination of, resulting in a breach of, constituting a default under, or accelerating or permitting the acceleration of any performance required by the terms of any contract, agreement, instrument, license or Permit to which any such Seller is

a party or by which such Seller or any of its respective Assets are bound (items (A)-(B), collectively, "Transferability Impediments"); provided, that any Intellectual Property or Data (x) used exclusively or developed in connection with the Hornbeck Agreements or the NCDOT Contract or the TXDOT Contract and the vessels being constructed pursuant thereto (the "Hornbeck/NC/TX IP") or (y) set forth on Schedule 1.1(d)(i)(y) shall be excluded and not transferred (together with the Hornbeck/NC/TX IP, the "Excluded IP"); provided, further, that Sellers have identified all of the Transferability Impediments and the Hornbeck/NC/TX IP on Schedule 1.1(d)(i)(x);

(ii) All Data, except for the Excluded IP, used by Sellers or developed by Sellers, alone or jointly with any customer, supplier, vendor, or other third party, solely in connection with the design, repair, conversion or construction of marine vessels, including but not limited to Data that are subject to the Assumed Contracts, in each case which Sellers have the right to sell, convey, transfer, assign and deliver without Transferability Impediments (the assets assigned under Section 1.1(d)(i) and this Section 1.1(d)(ii) collectively referred to as the "Purchased IP").

(iii) The goodwill of the Sellers related to the Business, if any, to the extent necessary to comply with La. R.S. 23:921 (reference hereby being made to Section 4.7 hereof) (the intangible assets assigned under this Section 1.1(d)(iii) collectively referred to as the "Business Goodwill", and, together with the Owned Real Property, the GIS Assets and the Purchased IP, the "Assets").

Section 1.2 Excluded Assets

. Other than the Assets being purchased pursuant to Section 1.1, Purchasers expressly agree that they are not purchasing or acquiring, and Sellers are not selling, conveying, transferring, assigning or delivering, any other assets, properties, or rights owned, used or held for use by Sellers, and such properties, rights and assets shall be excluded from the Assets (collectively, the "Excluded Assets"). For the avoidance of doubt, Excluded Assets include, without limitation:

(a) (i) All vessel(s) under construction (together with all parts, materials, inventory or components that are a part thereof or are related thereto) pursuant to the (A) the Hornbeck Agreements, (B) the NCDOT Contract, and (C) the TXDOT Contract (items (A) - (C), collectively, the "Specified Excluded Contracts"); and (ii) any rights under the Specified Excluded Contracts and related agreements entered into by GIS in connection with the construction of the vessels described therein;

(b) All equipment and other assets (including applicable listed scrap material) specifically identified on Schedule 1.2(b), hereto;

(c) All Intellectual Property other than the Purchased IP;

(d) All other intangible assets that are not part of the Business Goodwill, including the names of Sellers, and all telephone and facsimile numbers;

(e) Any rights of Sellers to receive refunds, credits or rebates of Taxes paid with respect to the Assets or the Business with respect to any period or portion thereof ending prior to the Closing Date;

(f) All employee benefit plans (including plan assets) maintained by, or covering employees of, Sellers;

(g) All rights of Sellers to causes of action, lawsuits, judgments, claims and demands of any nature accruing before or on the Closing Date and all counterclaims, rights of setoff, rights of indemnification and affirmative defenses to any claims that may be brought against Sellers by third parties, other than any of the foregoing related to the Assets;

(h) All of Sellers' insurance policies and all rights to applicable claims and proceeds thereunder;

(i) All rights and interests of Sellers under all certificates for Sellers' insurance, binders for insurance policies and insurance policies under which Sellers are or have been insured or under which the Business or any of the Assets or the Assumed Liabilities are or have been insured before or on the Closing Date;

(j) The organizational documents, ledgers and minute books, books of account or other records having to do with the organization of Sellers, all employee-related or employee benefit-related files or records, and any other books and records which Sellers are prohibited from disclosing or transferring to Purchasers under applicable Law and are required by applicable Law to retain;

(k) All rights with respect to billed accounts receivable that relate to work performed or services provided by the Sellers prior to the Closing other than any retainage;

(l) All privileged attorney-client communications of Sellers or their Affiliates received or transmitted prior to the Closing; and

(m) All rights, claims or causes of action of Sellers under this Agreement and the Acquisition Documents.

Section 1.3 Assumed Liabilities

. On the Closing Date, Purchasers shall, as applicable, assume and agree to pay, perform and discharge when due the following Liabilities and obligations of Sellers arising out of or related to the Assets (collectively, the "Assumed Liabilities");

(a) All payment or performance obligations and any other Liabilities under the Assumed Contracts arising on or after the Closing Date;

(b) All Liabilities based on or related to a claim by a customer that a Vessel delivered pursuant to an Assumed Contract was not in conformity with the plans and specifications of the applicable Assumed Contract, or is otherwise rejected by the customer for lack of seaworthiness;

(c) All Liabilities with respect to warranties for repair or replacement included in the Assumed Contracts or under common law with respect to a Vessel covered by an Assumed Contract (together with the items listed in Sections 1.3(a)-(b), the "Assumed Contracts Liabilities");

(d) All Liabilities for Taxes (whether federal, state, local or foreign) relating to Purchasers' ownership and operation of the Assets or the Assumed Liabilities for any taxable period (or portion thereof) on or after the Closing Date (collectively, "Assumed Tax Liabilities");

(e) All Liabilities under the WARN Act arising out of, or incurred in connection with, the consummation of the transactions contemplated by this Agreement and the other Acquisition Documents or the failure to make offers to, or hire any, Employees (collectively, "Assumed WARN Act Liabilities"); provided, that for the avoidance of doubt, the Assumed WARN Act Liabilities shall not include any Liabilities arising out of, or incurred in connection with, any employees of Sellers and their applicable Affiliate who are not Employees;

(f) All Transfer Taxes; and

(g) All other Liabilities arising out of or relating to Purchasers' ownership and operation of the Business and the Assets on or after the Closing Date.

Section 1.4 Excluded Liabilities

. Purchasers shall not assume and shall have no responsibility for, and Sellers shall retain, all Liabilities of Sellers other than the Assumed Liabilities (collectively, the "Excluded Liabilities"). Without limiting the generality of the foregoing, the Excluded Liabilities shall include, but not be limited to, the following:

(a) All Liabilities of Sellers or their Affiliates arising or incurred in connection with the negotiation, preparation, investigation and performance of this Agreement, the other Acquisition Documents and the transactions contemplated hereby and thereby, including, without limitation, fees and expenses of counsel, accountants, consultants, advisers and others;

(b) All Liabilities for personal injury (whether workers' compensation claims or otherwise) based on events occurring on or before the Closing Date;

(c) All Liabilities that are related to the Excluded Assets;

(d) All Liabilities for Taxes of Sellers (or any Affiliate of Sellers) or Taxes relating to the Business or the Assets for any taxable period or portion thereof ending before the Closing Date, other than Transfer Taxes;

(e) All Liabilities under all contracts, agreements, indentures, notes, bonds, loans, mortgages, instruments, leases, commitments or other arrangement or agreements, including warranty obligations, and related sub-Contracts related to Sellers' operation of the Business, other than the Assumed Contracts;

(f) Employee and Independent Contractor-related Liabilities of any type or kind related to Sellers' operation of the Business, including, without limitation, under any benefit plans of Sellers, accrued wages, vacation pay, pension payments, 401(k) contribution or matches, employee-related insurance or any form of deferred compensation claimed by any person in connection with his or her employment by, or termination of

employment with, Sellers, and payroll taxes and liabilities, in each case excluding any Assumed WARN Act Liabilities, any Vacation Expenses, and any Secondment Expenses;

(g) All Liabilities in respect of any Legal Proceeding arising out of, relating to or otherwise in respect of the operation of the Business or the Assets to the extent such Legal Proceeding relates to such operation on or prior to the Closing Date, in each case excluding any Assumed Contracts Liabilities;

(h) All Liabilities for trade accounts payable and accruals for items received and not invoiced in respect of the operation of the Business or the Assets on or prior to the Closing Date;

(i) All Liabilities related to acts or omissions of Sellers, or agents or employees of Sellers, whether prior to, on or subsequent to the Closing Date, in each case to the extent that such are not Assumed Contracts Liabilities;

(j) Any Liabilities of Sellers or their Affiliates that (i) arise under Environmental Laws and (ii) relate to actions occurring or conditions, in each case on the Owned Real Property and existing on or prior to the Closing Date or breach of Environmental Laws for the storage, handling or disposal of any Hazardous Substances by Sellers or by any other Person at or on the Premises on or prior to the Closing Date (collectively, the “Excluded Environmental Liabilities”);

(k) All Liabilities arising out of, in respect of or in connection with the failure by Sellers or their Affiliates to comply with any Law or any order, writ, judgment, injunction, decree, stipulation, determination or award entered by or with any Governmental Authority;

(l) Any Liability with respect to the PPP Loan; and

(m) Any other Liability not specifically assumed hereunder.

Section 1.5 Purchase Price

. The consideration for the Assets shall be (a) the cash sum from Purchasers of Twenty-Six Million Four Hundred Thousand Dollars (\$26,400,000.00), subject to adjustment in the manner described in Section 1.8, and Section 1.9 (the “Cash Consideration”), (b) as provided in Section 1.6, the right to receive Two Million Two Hundred Thousand Dollars (\$2,200,000.00) (the “Sellers’ Additional Navy Payment Amount”) and, together with the Cash Consideration, the “Purchase Price”), and (c) the assumption by the Purchasers of the Assumed Liabilities pursuant to Section 1.3 hereof.

Section 1.6 Navy Payment Mechanics

(a) The parties acknowledge and agree that GIS and the U.S. Navy have entered into Amendment of Solicitation/Modification of Contract (No. P00007) dated as of March 16, 2021 (the “Navy Mod”), which obligates Sellers (or after the Closing, BSL) to arrange for and implement the transfer of technology, plans and know-how from Sellers (or after the Closing, BSL) to the U.S. Navy (the “Facilitating Transfer”) to enable the U.S. Navy to contract with other contractors to construct additional vessels with attributes similar to

the vessels covered by the Navy Contract. In connection with the Facilitating Transfer, the US Navy agreed to pay the sum of Thirteen Million One Hundred Thousand Dollars (\$13,100,000.00) (the “Aggregate Navy Payment Amount”), of which Eight Million Eight Hundred Thousand Dollars (\$8,800,000.00) has been received by Sellers as of the Effective Date (the “Partial Navy Payment”).

(b) As between Purchasers and Sellers, the Aggregate Navy Payment Amount shall be allocated as follows: (i) the Partial Navy Payment shall be retained by Sellers, (ii) the Sellers’ Additional Navy Payment Amount shall be retained by or paid over to Sellers, and (iii) the remaining Two Million One Hundred Thousand Dollars (\$2,100,000.00) shall be for the account of Purchasers (the “Purchasers’ Navy Payment Amount”); provided that if the aggregate amount paid by the U.S. Navy to Purchasers and Sellers, as applicable, in connection with the Facilitating Transfer exceeds the Aggregate Navy Payment Amount (such amount the “Navy Overage Amount”), the Navy Overage Amount shall be divided 50%/50% between Purchasers, on the one hand, and Sellers, on the other hand, and the party that receives the Navy Overage Amount shall promptly (and in any event within thirty (30) days following receipt of the Navy Overage Amount), remit to the other party such party’s share of such Navy Overage Amount.

(c) To the extent that all or any portion of the Purchasers’ Navy Payment Amount is received by Sellers prior to the Closing (such amount, collectively, the “Pre-Closing Collected Amount”), the Pre-Closing Collected Amount shall be applied as a credit against the Cash Consideration owed by BSL to Sellers pursuant to Section 1.5.

(d) To the extent that Sellers have not received the Sellers’ Additional Navy Payment Amount prior to the Closing, and Purchasers receive any portion of the Sellers’ Additional Navy Payment Amount following the Closing, then Purchasers shall, within thirty (30) days of such receipt, pay to Sellers an amount equal to such portion of the Sellers’ Additional Navy Payment Amount (the “Post-Closing Navy Payment”); provided that, for avoidance of doubt, the total sums to which Sellers shall be entitled pursuant to this Section 1.6 shall not exceed the Partial Navy Payment *plus* the Sellers’ Additional Navy Payment Amount *plus* the Sellers’ share of any Navy Overage Amount. To the extent the Post-Closing Navy Payment is less than the Sellers’ Additional Navy Payment Amount, any Post-Closing Navy Payment made pursuant to this Section 1.6(d) will be treated by the parties for all purposes as an adjustment to the Purchase Price. To the extent the Sellers receive any Navy Overage Amount, the receipt of any such funds by Sellers will be treated by the parties for all purposes as an adjustment to the Purchase Price.

Section 1.7 Payment of the Cash Consideration

. At Closing, Purchasers shall pay Sellers cash in an amount equal to \$26,400,000.00, *plus* (a) the Estimated Closing Adjustment (as defined in Section 1.8(a) below) *plus* (b) any amounts expended by Sellers prior to the Closing in furtherance of the Facilitating Transfer as set forth in more detail on Schedule 1.7(b) hereto, by wire transfer of immediately available funds to an account or accounts designated by Sellers in writing.

Section 1.8 Closing Adjustment and Pre-Closing Estimate

(a) The Cash Consideration to be paid by Purchasers to Sellers at Closing pursuant to Section 1.7, is subject to adjustment to reflect the difference between the Estimated Closing Amount and Agreed Target Amount (the “Estimated Closing Adjustment”). The Purchasers and Sellers have agreed that the Agreed Target Amount is negative \$20,881,000.00 as detailed on Schedule 1.8. The Purchasers and Sellers have further agreed that the Estimated Closing Amount on the Closing Date is negative \$28,881,000.00 and the Estimated Closing Adjustment is \$8,000,000.00.

(b) The Cash Consideration is subject to further adjustment to reflect the difference between the Closing Amount and Estimated Closing Amount (the “Adjustment Amount”). If the Closing Amount is a higher negative amount than the Estimated Closing Amount, then the Cash Consideration shall be increased by the amount of the difference. If the Closing Amount is a lower negative amount than the Estimated Closing Amount, or is a positive amount, then the Cash Consideration shall be reduced by the amount of the difference. For purposes hereof, (i) when both amounts used in a comparison of the Closing Amount against the Estimated Closing Amount are negative amounts, the amount with the higher integer shall be the higher negative amount, for example negative \$30,000,000 is a higher negative amount than negative \$28,000,000, while negative \$28,000,000 is a lower negative amount than negative \$30,000,000, but (ii) when the Closing Amount is a positive amount, the Closing Amount will be higher than the Estimated Closing Amount, which is a negative amount.

Section 1.9 Post-Closing Adjustment

(a) Sellers shall “close” their accounting records for the period ending on the Closing Date. As soon as possible after the Closing, and in no event no later than thirty (30) days following the Closing, Sellers shall provide to Purchasers their calculation of the Adjustment Amount (the “Adjustment Notice”).

(b) Within twenty (20) days after delivery of the Adjustment Notice, Purchasers shall deliver to Sellers a written response in which Purchasers shall either:

(i) agree in writing with the Adjustment Amount, in which case such calculation will be final and binding on the parties for purposes of Section 1.9(g); or

(ii) dispute the Adjustment Amount by delivering to Purchaser a written notice (a “Dispute Notice”) setting forth in reasonable detail the basis for each such disputed item.

(c) If Purchasers fail to take either of the foregoing actions within twenty (20) days after delivery of the Adjustment Notice, then Purchasers will be deemed to have irrevocably accepted the Adjustment Amount, in which case the Adjustment Amount will be final and binding on the parties for all purposes hereunder.

(d) If Purchasers timely deliver a Dispute Notice to Sellers, then Purchasers and Sellers will attempt in good faith, for a period of twenty (20) days following delivery by Sellers of the Dispute Notice, to agree on the Adjustment Amount. Any resolution by Purchasers and Sellers during such twenty (20)-day period as to any disputed items will be

final and binding on the parties for purposes of this Agreement. If Purchasers and Sellers do not resolve all disputed items by the end of twenty (20) days after the date of delivery of the Dispute Notice, then either Purchaser or Sellers may submit the remaining items in dispute (the “Disputed Items”) to Deloitte for resolution, or if that firm is unwilling or unable to serve, Purchasers and Sellers will engage another mutually agreeable independent accounting firm of recognized national standing, which firm is not the regular auditing firm of Purchasers or Sellers (the “Independent Accounting Firm”). Purchasers and Sellers will instruct the Independent Accounting Firm to render its determination with respect to the Disputed Items in a written report that specifies the conclusions of the Independent Accounting Firm as to each such Disputed Item and the resulting Adjustment Amount; provided, however, that the Independent Accounting Firm will render a determination only as to the Disputed Items. Purchasers and Sellers will each use its commercially reasonable efforts to cause the Independent Accounting Firm to render its determination within thirty (30) days after referral of the Disputed Items to such firm or as soon thereafter as reasonably practicable. The Independent Accounting Firm’s determination of the Disputed Items and the resulting Adjustment Amount as set forth in its report will be final and binding on the parties for purposes of this Agreement. Purchasers and Sellers agree to revise the Adjustment Amount as appropriate to reflect the resolution of the Disputed Items pursuant to this Section 1.9(d). The fees and expenses of the Independent Accounting Firm will be paid by Purchasers and Sellers in inverse proportion to the relative amounts of the Disputed Items determined to be for the account of Purchasers and Sellers, respectively (such that if 25% of the value of the Disputed Items are determined to be for the account of the first party, and 75% of the value of the Disputed Items are determined to be for the account of the second party, the first party will pay 75% of the fees and expenses of the Independent Accounting Firm and the second party will pay 25%).

(e) For purposes of facilitating the determinations made pursuant to this Section 1.9, Purchasers and Sellers will furnish to each other and to the Independent Accounting Firm such work papers and other documents and information relating to the Disputed Items as the Independent Accounting Firm may request and are available to that party (or its independent public accountants) and will be afforded the opportunity to present to the Independent Accounting Firm any material related to the disputed items and to discuss the items with the Independent Accounting Firm. Purchaser may require that the Independent Accounting Firm enter into a customary form of confidentiality agreement with respect to the work papers and other documents and information relating to the Business provided to the Independent Accounting Firm pursuant to this Section 1.9.

(f) If the Adjustment Amount is a higher negative amount than the Estimated Closing Adjustment, then Purchasers shall pay to Sellers the amount of such difference in cash by wire transfer of immediately available funds to an account designated by Sellers within five (5) Business Days following the final determination of the Adjustment Amount; provided, that if Purchasers fail to pay any such amount to Sellers within such five (5) Business Day period, such unfunded amount shall bear interest at ten percent (10%) per annum. If the Adjustment Amount is a positive amount or a lower negative amount than the Estimated Closing Adjustment, then Sellers shall pay to Purchasers the amount of the difference between the Adjustment Amount and the Estimated Closing Adjustment in cash

by wire transfer of immediately available funds to an account designated by Purchasers within five (5) Business Days following the final determination of the Adjustment Amount; provided, that if Sellers fail to pay any such amount to Purchasers within such five (5) Business Day period, such unfunded amount shall bear interest at ten percent (10%) per annum.

(g) Purchasers and Sellers agree that the financial responsibility with respect to all costs incurred on or after January 1, 2021 with respect to the Seller Construction Contracts that are not included within Cumulative Costs Incurred as of December 31, 2020 for purposes of determining the Agreed Target Amount, will be the responsibility of Purchasers, and to the extent any such costs were not taken into account in the Adjustment Amount, Purchasers shall either pay the vendors to which such costs relates or reimburse Sellers to the extent Sellers have paid such costs. For the avoidance of doubt, progress achieved and/or billing milestones achieved by vendors (including without limitation those set forth with respect to [***] on Schedule 1.9(g)) through December 31, 2020, that have not been billed by such vendors or otherwise been taken into account in the Adjustment Amount, will be the responsibility of Purchasers.

(h) Any payments made pursuant to this Section 1.9 will be treated by the parties for all purposes as an adjustment to the Purchase Price. The Purchase Price as so adjusted, together with any adjustment made pursuant to Section 1.6(d), if any, is referred to in this Agreement as the "Final Purchase Price."

Section 1.10 Allocation of Purchase Price

. The Purchase Price (and the amount of any Assumed Liabilities and any other relevant items) shall be allocated among the Assets in accordance with Schedule 1.10 and Section 1060 of the Code and the treasury regulations promulgated thereunder (and any similar provision of state, local or non-U.S. law, as appropriate). Purchasers and Sellers and their respective Affiliates shall report, act and file Tax Returns (including, but not limited to Internal Revenue Service Form 8594) in all respects and for all purposes consistent with the allocation set forth on Schedule 1.10. None of Purchasers or Sellers or their respective Affiliates shall take any position (whether in audits, Tax Returns or otherwise) that is inconsistent with such allocation unless required to do so by applicable Law.

Section 1.11 Time and Place of Closing

. The closing of the Acquisition (the "Closing") will take place via the electronic exchange of signature pages and other required documentation on the date herof, or at such other place or time, or by such other means, as the parties may designate in writing. The parties hereto agree that the effective time and date of the Closing shall be 11:59 p.m., Central Standard Time, on the date on which the Closing actually occurs (the "Closing Date").

Section 1.12 Deliveries at Closing

(a) At the Closing, Sellers shall deliver to Purchasers the following:

(i) A certificate of good standing for each Seller certified by the Secretary of State of the State of Louisiana dated within five (5) Business Days prior to the Closing;

- (ii) A Bill of Sale, Assignment and Assumption Agreement, in a form mutually agreed upon between Purchasers and Sellers (the “Bill of Sale”), executed by Sellers;
- (iii) UCC-3 financing statements for the termination or amendment, as applicable, of any Liens associated with the Assets other than Permitted Liens;
- (iv) A certificate dated as of the Closing Date signed by a duly authorized officer of each Seller (A) attaching resolutions of each Seller’s appropriate governing body approving the execution, delivery and performance of this Agreement and the consummation of the Acquisition and (B) attaching incumbency and signatures of the officer(s) of each Seller executing this Agreement and any other Acquisition Document;
- (v) An affidavit of non-foreign status of GI that complies with Section 1445 of the Code;
- (vi) A Transition Services Agreement, in substantially the form attached hereto as Exhibit A (the “TSA”), executed by Sellers;
- (vii) A Lease Agreement, in substantially the form attached hereto as Exhibit B (collectively, the “Lease Agreement”), executed by Sellers;
- (viii) Assignment and Novation Agreements, in the forms mutually agreed upon between Purchasers and Sellers for each of the Seller Construction Contracts (collectively, the “Assignment and Novation Agreements”), executed by GIS, GIFL, Naval Sea Systems Command, SEA 02, and Oregon State University, as applicable;
- (ix) A Shared Permits Agreement in substantially the form attached as Exhibit C (the “Shared Permits Agreement”), executed by Sellers;
- (x) A letter of good standing for each Seller issued by the Louisiana Department of Revenue pursuant to La. R.S §47:308(a) (and any other applicable Louisiana Department of Revenue regulation), dated as soon as reasonably practicable to the Closing Date, indicating Sellers are in good standing before the Louisiana Department of Revenue and are not subject to, or obligated to pay, any outstanding or binding sales and use tax liability to the Louisiana Department of Revenue (and/or any other applicable collector of sales and use tax in the State of Louisiana).
- (xi) A quitclaim deed in a form mutually agreed upon between Purchasers and Sellers in order to transfer all right, title and interest that Sellers and such Affiliates may have in any Assets that are not Excluded Assets, subject to the Permitted Liens and with any and all implied warranties with respect to the title and condition of the Assets provided under Louisiana law waived and disclaimed (the “Quitclaim Deed”), executed by Sellers and certain Affiliates of Sellers; and
- (xii) Such other documents as may be reasonably necessary to consummate the Acquisition and the other transactions contemplated by this Agreement, as reasonably requested by Purchasers.

(b) At the Closing, Purchasers shall deliver to Sellers the following:

- (i) A certificate of good standing for each Purchaser certified by the Secretary of State of the State of Louisiana, dated within five (5) Business Days prior to the Closing;
- (ii) The Bill of Sale, executed by Purchasers;
- (iii) A certificate dated as of the Closing Date signed by a duly authorized officer of each Purchaser (A) attaching resolutions of such Purchaser's appropriate governing body approving the execution, delivery and performance of this Agreement and the consummation of the Acquisition and (B) attaching incumbency and signatures of the officer(s) of each Purchaser executing this Agreement and any other Acquisition Document;
- (iv) The TSA, executed by Purchasers;
- (v) The Lease Agreement, executed by Purchasers;
- (vi) The Assignment and Novation Agreements, executed by BSL;
- (vii) The Shared Permits Agreement, executed by Purchasers;
- (viii) Evidence reasonably satisfactory to Sellers that all performance bonds previously posted by or on behalf of Sellers in support of the Seller Construction Contracts (collectively, the "Performance Bonds") have been, or will at the Closing be, transferred to BSL or replaced with new BSL performance bonds, in each case with a full release and termination of any indemnification obligations owed by any Seller under such Performance Bonds;
- (ix) The Quitclaim Deed, executed by BHS; and
- (x) Such other documents as may be reasonably necessary to consummate the Acquisition and the other transactions contemplated by this Agreement, as reasonably requested by Sellers.

Section 1.13 Prorations

(a) To the extent not otherwise prorated pursuant to this Agreement, subject to Section 4.1, all (i) water, sewer, electricity, gas and other utility charges, if any, applicable to the Owned Real Property, (ii) ad valorem taxes imposed upon any portion of the Owned Real Property, general assessments imposed with respect to the Owned Real Property and special assessments upon the Owned Real Property, whether payable in full or by installments prior to the Closing Date, and (iii) ad valorem taxes imposed upon the Assets other than the Owned Real Property (collectively, the "Proration Items") that relate, in whole or in part, to periods prior to the Closing Date, shall be apportioned to the Closing Date (i.e., Sellers will be responsible for any periods prior to the Closing Date and Purchasers will be responsible for any periods on or after the Closing Date), and

representatives of Sellers and Purchasers will examine all relevant books and records of the Business as of the Closing Date in order to make the determination of the apportionments. The net amount of all Proration Items will be settled and paid on the Closing Date. In the event that the amount of any of the Proration Items is not known by Sellers and Purchasers at the Closing, the proration shall be made based upon the amount of the most recent cost of such Proration Item to Sellers. After Closing, each of Purchasers and Sellers shall provide to the other written notice five (5) Business Days after receipt of any third-party invoice relating to any Proration Item so estimated. Within ten (10) Business Days thereafter, Purchasers and Sellers each shall make any payments to the other that are necessary to compensate for any difference between the proration made at the Closing and the correct proration based on the applicable third-party invoice.

(b) In the event that either Sellers or Purchasers pays a Proration Item (the “Payor”) (other than if and to the extent included in the Assumed Liabilities) for which the other party (the “Payee”) is obligated in whole or in part under this Section 1.13, the Payor shall present to the Payee evidence of payment and a statement setting forth the Payee’s proportionate share of such Proration Item, and the Payee shall promptly pay such share to the Payor. In the event either party (the “Recipient”) receives payments, or the benefits of payments, of a Proration Item to which the other party (the “Beneficiary”) is entitled in whole or in part under this Agreement, the Recipient shall promptly pay such amount to the Beneficiary.

Section 1.14 Withholding

. Purchasers shall be entitled to deduct and withhold from any consideration payable or otherwise deliverable pursuant to this Agreement such amounts as are required to be deducted or withheld therefrom under applicable Law (other than any Tax Law), and shall remit any amounts withheld to the appropriate Governmental Authority. To the extent such amounts are so deducted or withheld, such amounts will be treated for all purposes of this Agreement as having been paid to the Person to whom such amounts would otherwise have been paid.

ARTICLE 2
REPRESENTATIONS AND WARRANTIES OF SELLERS

Sellers hereby, jointly and severally, represent and warrant the following to Purchasers as of Effective Date:

Section 2.1 Organization; Qualification

(a) GIS is duly organized, validly existing and in good standing as a limited liability company under the laws of the State of Louisiana. GIS is duly qualified to do business and is in good standing in each of the jurisdictions set forth on Schedule 2.1(a), if any, which are all of the states or other jurisdictions in which either GIS’s ownership or use of the GIS Assets or its conduct of the Business requires such qualification, except (other than in Louisiana) where the failure to be so qualified or in good standing would not reasonably be expected to have a Material Adverse Effect.

(b) GIFI is duly incorporated, validly existing and in good standing as a corporation under the laws of the State of Louisiana. GIFI is duly qualified to do business and is in good standing in each of the jurisdictions set forth on Schedule 2.1(b), if any, which are all of the states or other jurisdictions in which either GIFI's ownership or use of the Purchased IP or its conduct of the Business requires such qualification, except (other than in Louisiana) where the failure to be so qualified or in good standing would not reasonably be expected to have a Material Adverse Effect.

(c) GI is duly organized, validly existing and in good standing as a limited liability company under the laws of the State of Louisiana. GI is duly qualified to do business and is in good standing in each of the jurisdictions set forth on Schedule 2.1(c), if any, which are all of the states or other jurisdictions in which either GI's ownership or use of the Owned Real Property or conduct of the Business requires such qualification, except (other than in Louisiana) where the failure to be so qualified or in good standing would not reasonably be expected to have a Material Adverse Effect.

Section 2.2 Authority and Validity

. Each Seller has the full power and authority necessary to execute, deliver and perform its obligations under the Acquisition Documents to be executed and delivered by such Seller. The execution, delivery and performance of the Acquisition Documents have been duly authorized by all necessary action of the appropriate governing body of each Seller. The Acquisition Documents to which each Seller is a party have been or will be, as the case may be, duly executed and delivered by such Seller and constitute or will constitute the legal, valid and binding obligations of such Seller, enforceable in accordance with their respective terms, except as may be limited by bankruptcy, insolvency, or other laws affecting creditors' rights generally, or as may be modified by a court of equity.

Section 2.3 Noncontravention

. Except as set forth on Schedule 2.3, the execution, delivery and performance by each Seller of this Agreement and the other Acquisition Documents to be executed and delivered by such Seller and the consummation of the Acquisition do not and will not: (a) require the consent of or notice to any Governmental Authority or any other third party; (b) conflict with any provision of such Seller's organizational documents; (c) conflict with or result in a violation of any Law, ruling, judgment, order or injunction of any court or Governmental Authority to which such Seller is subject or by which such Seller or any of its Assets are bound (including without limitation with respect to the PPP Loan); (d) conflict with, constitute grounds for termination of, result in a breach of, constitute a default under, require any notice under, or accelerate or permit the acceleration of any performance required by the terms of any contract, agreement, instrument, license or permit to which such Seller is a party or by which such Seller or any of its respective Assets are bound (including without limitation with respect to the PPP Loan); (e) create any Lien upon any of its respective Assets; or (f) trigger any charge, payment or requirement of consent, cancellation right, change of control event or the acceleration or increase of the maturity of any payment date under any Assumed Contract or any applicable Law.

Section 2.4 Absence of Changes

(a) Except as set forth on Schedule 2.4(a), and except as contemplated by this Agreement, since September 30, 2020, each Seller, as applicable, has conducted the Business only in the Ordinary Course of Business, and no Seller has:

- (i) Sold, assigned, disposed of or otherwise transferred, or subjected to any Lien, any of the Assets;
- (ii) (A) Amended any material term or terminated any Seller Construction Contract or (B) amended any term of any other material Assumed Contract or terminated any other material Assumed Contract outside of the Ordinary Course of Business, which in either case set forth in clause (B) could reasonably be expected to have a Material Adverse Effect;
- (iii) Materially increased the compensation, wages or benefits of any of the Employees, except for annual increases in the Ordinary Course of Business;
- (iv) Taken any action to institute any severance or termination pay practices, or amend any such plans, programs, agreements or arrangements that provide for severance or change in control benefits, including, any employment agreements or offer letters, in each case with respect to any of their directors or managers (as applicable), officers or Employees or to increase the benefits payable under their severance or termination pay practices, or plans, programs, agreements or arrangements that provide for severance or change in control benefits, including, any employment agreements or offer letters, in each case involving the Business;
- (v) Adopted or amended, in any material respect, except as contemplated hereby or as may be required by applicable Law, any Employee Benefit Plan;
- (vi) Commenced or settled any litigation involving any Asset or Liability of the Business;
- (vii) Suffered any operating loss or cancelled or waived any material debt, claim or other right with respect to the Business or the Assets;
- (viii) Caused, or taken or omitted to take any action to allow, any Permit of Sellers related to the Business or the Assets to lapse that would, individually or in the aggregate, be material to Sellers, the Business or the Assets;
- (ix) Suffered any Material Adverse Effect (including, any material physical damage, destruction or loss (whether or not covered by insurance));
- (x) Incurred or committed to or agreed to incur or commit to any liabilities or obligations (whether absolute, accrued, contingent or otherwise) with respect to the Business or the Assets, except as incurred in the Ordinary Course of Business; or
- (xi) Agreed, whether in writing or otherwise, to take any action described in this Section 2.4(a).
- (b) Schedule 2.4(b) sets for a list of all currently open material capital expenditures or material commitments for replacements or additions or improvements with respect to the Business or the Assets.

. Except as listed on Schedule 2.5 hereto, (a) there are no, and for the past three (3) years there have not been any, Legal Proceedings pending or, to the Knowledge of Sellers, threatened against any Seller with respect to this Agreement, the Business or the Acquisition, or against or affecting the Assets or the Assumed Liabilities; and (b) there are no judgments against or consent decrees binding on any Seller with respect to the Assets, or to which the Assets are subject or bound.

. Each Seller, as applicable, is conducting the Business, and for the past three (3) years the Business has been conducted, in all material respects, in compliance with all applicable Laws, orders, injunctions or decrees and any other requirement of any Governmental Authority. None of the Sellers has received any written communication from any Governmental Authority within the past three (3) years that alleges that any Seller is in violation of any applicable Law, the substance of which communication has not been resolved. For the past three (3) years, Sellers have not conducted or initiated any internal investigations (other than internal audits or employee investigations or supervisory duties conducted in the Ordinary Course of Business) or responded to any inquiry by any Governmental Authority with respect to any alleged act of material non-compliance arising under any applicable Laws.

(a) GIS has good and valid title to all of the GIS Assets. GIS owns the GIS Assets free and clear of all Liens other than Permitted Liens, and will, upon the Closing, convey good and valid title to the GIS Assets to Purchasers (as applicable) free and clear of all Liens other than Permitted Liens. All of the GIS Assets are located on the Owned Real Property.

(b) GI has good and merchantable title to the Owned Real Property. GI owns the Owned Real Property free and clear of all Liens other than Permitted Liens, and will, upon the Closing, convey good and merchantable title to the Owned Real Property to BHS free and clear of all Liens other than Permitted Liens.

(c) GI has delivered to Purchasers true, complete and correct copies of any deeds and other instruments (as recorded) by which GI or its Affiliates acquired the Owned Real Property in the possession of GI or its Affiliates, and copies of all title insurance policies in the possession of GI or its Affiliates and relating to the Owned Real Property.

(d) GI or its Affiliates have collectively owned the Owned Real Property in undisturbed possession for over 30 years, subject to Permitted Liens. Sellers are familiar with its physical characteristics and have no Knowledge of any claim or notice of ownership or other interest by any other Person for or in all or any part of the Owned Real Property, including but not limited to any boundary line disputes or disagreements that may affect the size or location of improvements on the Owned Real Property or the size or location of improvements (e.g. fences, driveways) on neighboring property, except with respect to any Permitted Liens. Sellers have no Knowledge of any encroachments by any improvements that materially impair the current use of the Owned Real Property or the improvements thereon. None of the Sellers has received any written notice of any existing, pending or proposed (i) public improvements on or about the Owned Real Property that

has resulted or could result in the imposition of any material assessment or Lien against any part of the Owned Real Property, (ii) material special assessment or similar charge imposed by any Governmental Authority impacting or that could reasonably impact any part of the Owned Real Property, other than normal real estate Taxes, or (iii) material change by the applicable Governmental Authority in the allowable uses of the Owned Real Property. Sellers have no Knowledge of any Person who regularly crosses over any part of the Owned Real Property or claims to have a right to use the Owned Real Property as a pathway. Other than a Permitted Lien, there are no unrecorded servitudes that encumber the Owned Real Property and that materially impair the current use of the Owned Real Property or the improvements thereon. Other than GI or its Affiliates, there are no tenants or other occupants presently in possession of any portion of the Owned Real Property. No labor, services or materials have been furnished in the erection, alteration, repair or removal of a building or structure upon the Owned Real Property during the 90 days prior to the Closing Date, that has not been completed and paid in full or provisions for the payment in full have been made. There is no action pending in any state or federal court in the United States to which any Seller is a party, nor is there any state or federal court judgment, state or federal tax lien or state or federal lien of any kind against any Seller that would constitute a Lien upon the Owned Real Property. No proceedings in bankruptcy or receivership have been instituted by or against any Seller within the last 10 years, and no Seller has ever made an assignment for the benefit of creditors. There are no mortgages or other Liens affecting the Owned Real Property, except for Permitted Liens.

(e) Notwithstanding anything to the contrary herein, the representations and warranties of GIS and GI in this Section 2.7 are the sole and exclusive representations and warranties concerning the Owned Real Property and BHS hereby agrees that the Owned Real Property shall be conveyed (i) in its “AS, IS, WHERE IS” condition, without any warranties whatsoever, except as expressly set forth in this Section 2.7 and (ii) without any implied warranties under Louisiana law with respect to the condition of and title to the Owned Real Property, including as set forth under Louisiana Civil Code Articles 2475, 2500 *et. seq.* and 2520 *et. seq.*, except as set forth in this Section 2.7

(f) To the Knowledge of Sellers, the Purchased IP was developed by (i) employees of Sellers within the scope of their employment, and who have irrevocably assigned by present assignment to Sellers all of their rights, title and interests thereto, or (ii) independent contractors who have entered into written agreements with Sellers that presently assigned all right, title, and interest in and to any Intellectual Property developed to Sellers. To the Knowledge of Sellers, no Employee or Independent Contractor has entered into any contract (whether written or oral and whether express or implied) that restricts or limits in any way the scope of the Purchased IP or requires such Employee or Independent Contractor to transfer, assign or disclose information concerning the Purchased IP to anyone other than Sellers.

(g) To the Knowledge of Sellers, Sellers’ prior and current use of the Purchased IP has not and does not infringe, violate, dilute or misappropriate the Intellectual Property of any Person and there are no claims pending or threatened by any Person with respect to the ownership, validity, enforceability, effectiveness, or use of the Purchased IP. To the Knowledge of Sellers, the continued operation of the Business consistent with past

practices will not infringe, misappropriate, or otherwise violate any Intellectual Property of any Person. To the Knowledge of Sellers, no Person is infringing, misappropriating, diluting, or otherwise violating any of the Purchased IP, and neither Sellers, nor any Affiliate of Sellers, has made or asserted any claim, demand, or notice against any Person alleging any such infringement, misappropriation, dilution, or other violation. To the Knowledge of Sellers, Sellers are not a party to or otherwise bound by any settlement or consent agreement, covenant not to sue, non-assertion assurance, release, or other contract related to any rights to own, use, make, transfer, encumber, assign, license, distribute, convey, sell, or otherwise exploit the Purchased IP.

(h) Sellers have taken commercially reasonable steps to protect and preserve the confidentiality of all trade secrets of the Business, and all use, disclosure, or appropriation thereof by or to any third party has been pursuant to the terms of a written agreement between such third party and Sellers. Sellers have not breached any agreements of non-disclosure or confidentiality related thereto.

(i) No Affiliate of Sellers (other than Sellers) owns (i) any assets located on the Owned Real Property on or after March 3, 2021, except for Excluded Assets, or (ii) any Intellectual Property or Data used in connection with the design and construction of marine vessels, except for the Hornbeck/NC/TX IP.

Section 2.8 Assumed Contracts

. GIS and GIFL, as applicable, have delivered to Purchasers true, correct and complete copies of all of the Assumed Contracts. Each of the Assumed Contracts are valid and binding in accordance with its terms. With respect to each of the Assumed Contracts, there are no (a) existing or claimed defaults or breaches by GIS or GIFL, or any of their Affiliates, as applicable, or event which, with or without notice or lapse of time or both, would constitute a default or breach by GIS or GIFL, or any of their Affiliates, as applicable, or (b) to the Knowledge of Sellers, any existing or claimed default or breach by any other party thereto or event which, with or without notice or lapse of time or both, would constitute a default or breach by any such party thereto. Except as set forth on Schedule 2.8, the continuation, validity and effectiveness of the Assumed Contracts will not be adversely affected by the Acquisition, and the Acquisition will not result in a breach of, or default under, or require the consent of any other party to, any of the Assumed Contracts. There is no actual or, to the Knowledge of Sellers, threatened termination or cancellation of any Assumed Contract by any other party thereto.

Section 2.9 Employment and Labor Matters

(a) Schedule 2.9(a) sets forth a list of all (i) current full-time and part-time employees of Sellers or their respective Affiliates primarily working in the Business as of the Closing Date (or the closest practicable date thereto) (collectively, the “Employees”), including each such Employee’s job title, start date, and salary or hourly pay, bonuses, and incentive pay, and (ii) independent contractors of Sellers used primarily in the Business during the twelve (12) months preceding Effective Date (collectively, “Independent Contractors”), including each such Independent Contractor’s hourly rate for the 2020 calendar year. For the avoidance of doubt, “Employees” hereunder does not include employees of Sellers, or their Affiliates, who are being retained by Sellers (or their Affiliates) to work on the Specified Excluded Contracts.

(b) Sellers and their Affiliates are in compliance in all material respects with all applicable Laws respecting employment and employment practices and terms and conditions of employment, including, but not limited to, collective bargaining, equal employment opportunity, non-discrimination, wages and hours, and occupational safety and health in connection with their operation of the Business.

(c) Except as disclosed on Schedule 2.9(c):

(i) There are no (and have been no) charges, governmental audits, investigations, administrative proceedings or formal or informal complaints concerning Sellers' or their Affiliates' employment practices pending or, to the Knowledge of Sellers, threatened before any Governmental Authority or court, and, to the Knowledge of Sellers, no basis for any such matter exists, in each case in connection with the operation of the Business;

(ii) No Seller nor any of its Affiliates is a party to any union or collective bargaining agreement or any other agreement regarding the rates of pay or working conditions of any employees, and, to the Knowledge of Sellers, within the last three (3) years, no union attempts to organize such employees have been made, and, to the Knowledge of Sellers, there are no such attempts currently threatened, in each case in connection with the operation of the Business; and

(iii) No Seller nor any of its Affiliates has, within the last three (3) years, experienced any organized slowdown, work interruption, strike, or work stoppage by its employees in connection with the operation of the Business.

(d) There are no pending or, to the Knowledge of Sellers, threatened unfair labor practices claims; equal employment opportunity claims; human rights or civil rights complaints; wage and hour claims; unemployment compensation claims; United States Department of Labor Occupational Safety and Health Administration citations and notifications of penalty, final orders, settlement agreements or violations; workers' compensation claims or any similar claims, in each case involving the Business.

(e) Notwithstanding anything to the contrary herein, the representations and warranties in this Section 2.9 are the sole and exclusive representations and warranties concerning employment and labor matters (other than employee benefits matters, which are covered by Section 2.10).

Section 2.10 Employee Benefit Matters

(a) The employee benefit plans and agreements listed on Schedule 2.10(a) are the only material employee benefit plans and agreements maintained by Sellers or their ERISA Affiliates for the benefit of the Employees, including (i) all pension, retirement, profit sharing, stock bonus or other similar plans or programs; (ii) any affirmative action plans or programs; (iii) employment agreements, current and deferred compensation, vacation, stock option, bonus and incentive compensation benefits; and (iv) medical, hospital, life, health, accident, disability, death and other fringe and welfare benefits, all of which plans, programs, practices, policies and other individual and group arrangements

and agreements, including any unwritten compensation, fringe benefit, payroll or employment practices, procedures or policies of any kind or description are hereinafter referred to as “Benefit Programs.”

(b) Neither Sellers nor any of their ERISA Affiliates has, within the last three (3) years, maintained or contributed to an employee pension benefit plan that is subject to Title IV of ERISA. Sellers have not provided, within the last three (3) years, any welfare benefits (as defined in Section 3(1) of ERISA) to employees or former employees after retirement or other separation from service other than as required under Section 601 et. seq. of ERISA or Code Section 4980B. Neither Sellers nor any of their ERISA Affiliates has ever maintained or contributed to or been obligated to contribute to a “multiemployer plan” as defined in Section 3(37) of ERISA or a “multiple employer welfare arrangement,” as defined in Section 3(40) of ERISA.

(c) Each of the Benefit Programs has been operated in compliance in all material respects with ERISA, the Code, and the Patient Protection and Affordable Care Act. Each Benefit Program that is intended to be qualified under Code Section 401(a) has received from the Internal Revenue Service a favorable determination or opinion letter on its qualified status. To Sellers’ Knowledge, no fact or event has occurred, which would be reasonably likely to adversely affect the qualified status of any Benefit Program intended to be qualified under Code Section 401(a). No contributions or payments are due or required to be paid with respect to any of the Benefit Programs, except for payments due or required to be paid by Sellers in the Ordinary Course of Business. No Legal Proceeding involving any Benefit Program is pending or, to the Knowledge of Sellers, threatened other than routine claims for benefits.

(d) No “party in interest” (as defined in Section 3(14) of ERISA) or “disqualified person” (as defined in Code Section 4975(e)(2)) with respect to any Benefit Program has engaged in any nonexempt “prohibited transaction” (described in Code Section 4975(c) or Section 406 of ERISA). No material tax under Code Sections 4980B or 5000 has been incurred with respect to any Benefit Program and no circumstances exist that could give rise to such tax.

(e) None of the Liabilities of Sellers or their Affiliates pursuant to any of the Benefit Programs are being assigned to, or assumed by, Purchasers, and the Business and the Assets are not, and will not become, subject to any Liens with respect to any obligation or Liability of Sellers or their Affiliates involving the Benefit Programs.

(f) Notwithstanding anything to the contrary herein, the representations and warranties in this Section 2.10 are the sole and exclusive representations and warranties concerning employee benefit matters.

Section 2.11 Taxes

(a) Sellers, as applicable, have timely filed (or caused to be filed) with the appropriate Taxing authorities all Tax Returns with respect to the Business, and, except as set forth on Schedule 2.11(a), such Tax Returns are true, correct and complete in all

respects and were prepared in compliance with all applicable Laws. No Seller is the beneficiary of any extension of time within which to file any such Tax Return. All Taxes with respect to the Business (whether or not shown on any Tax Return) have been fully and timely paid. There are no Liens for any Taxes (other than a Lien for Taxes not yet due and payable) on any of the Assets.

(b) There is no claim asserted in writing against any Seller for any Taxes due under applicable Law that has not been paid in full, and, except as set forth on Schedule 2.11(b), no assessment, deficiency, or adjustment has been asserted, proposed, or threatened in writing with respect to any Tax Return of Sellers or otherwise with respect to the Business. No written claim or inquiry has been received by a Seller with the last three (3) years from any Taxing authority in a jurisdiction where Sellers do not file Tax Returns that it is or may be subject to taxation in the jurisdiction. No Tax proceeding is currently being conducted with respect to Sellers. No Seller has waived any statute of limitations in respect of any Taxes with respect to the Business or the Assets.

(c) Sellers, as applicable, have complied in all respects with all applicable Laws relating to the withholding of Taxes and the payment thereof to appropriate authorities, including Taxes required to have been withheld and paid in connection with amounts paid or owing to any Employee or Independent Contractor. Sellers have accurately classified all service providers as either employees or independent contractors for all Tax purposes pursuant to applicable Tax Laws. Each Seller (i) has collected and remitted all applicable sales and/or use Taxes to the appropriate Taxing authority, and (ii) has timely obtained or provided (as applicable), in good faith, any applicable Tax exemption certificates or similar documentation from its customers or to its vendors (as applicable) in order to confirm the Tax treatment of any transaction or otherwise support the Tax position asserted by Seller, and such documentation is true and accurate in all respects.

(d) No Seller is a party to any Tax sharing agreement, Tax indemnity obligation or similar contract or agreement with respect to Taxes (including any advance pricing agreement, Tax determination or other agreement or obligation relating to Taxes with any Tax authority). No Seller has been a member of an affiliated group filing a consolidated federal income Tax Return (other than a group the common parent of which is a Seller) or has any Tax Liability of any Person under Treasury Regulation Section 1.1502-6 or any similar provision of state or local Law, or as a transferee or successor, by contract or otherwise.

(e) No Seller has participated in or been a party to any listed transaction, as defined in Regulation Section 1.6011-4(b).

(f) No Seller is a “foreign person” as defined in Code Section 1445(f)(3).

Section 2.12 Environmental Matters

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(a) Except as set forth on Schedule 2.12, in each case in connection with the operation of the Business,

(i) Sellers and their Affiliates are, and for the last five (5) years have been, in compliance with all applicable Environmental Laws in all material respects;

(ii) Sellers and their Affiliates are, and for the last five (5) years have been, in compliance with all applicable Environmental Permits in all material respects;

(iii) No Seller nor any of its respective Affiliates has released, spilled, leaked, discharged, emitted, dumped, disposed of, buried, or abandoned at, on, in, under, over or in any way affecting the Owned Real Property or, to the Knowledge of Sellers, adjacent properties (including waters of the United States or other waterbodies), in a manner or in concentrations or quantities which would reasonably be expected to result in Liabilities of Sellers pursuant to applicable Environmental Law;

(iv) There have not been during Sellers or their respective Affiliates' ownership or occupancy of the Owned Real Property, and there are not now, any underground storage tanks located at, on, in or under the Owned Real Property;

(v) No Lien is or, to the Knowledge of Sellers, has been imposed on the Owned Real Property as a result of the presence of any Hazardous Material on the Owned Real Property or off-site;

(vi) No Seller nor any of its Affiliates has received any Environmental Notice, the subject of which is pending or unresolved;

(vii) There are no ongoing or, to the Knowledge of Sellers, imminent, anticipated or threatened, Legal Proceedings against Sellers or any of their Affiliates, pursuant to any applicable Environmental Laws;

(viii) No Seller nor any of its Affiliates has been identified as, or received any notice or other written communication indicating that it may be, a responsible party or potentially responsible party for remediation of Hazardous Materials at any property or site;

(ix) The Owned Real Property is not listed on the National Priorities List, the Comprehensive Environmental Response, Compensation, and Liability Information System database or any similar list of any Governmental Authority of sites requiring investigation or Remedial Action.

(x) Sellers have delivered to Purchasers all material environmental site assessments, sampling reports, studies, investigation or audit reports that are in the possession or reasonable control of Sellers with respect to the Owned Real Property.

(b) Schedule 2.12(b) sets forth a true and complete list of all Environmental Permits held by Sellers or by any of their Affiliates with respect to the Business, and the expiration date of each such Environmental Permit (if applicable) for the conduct of the Business as presently conducted. Sellers have delivered to Purchaser true and complete copies of all such Environmental Permits. All applications or notices required to have been

filed for the renewal or extensions of such Environmental Permits have been duly filed on a timely basis with the appropriate Governmental Authority.

(c) Notwithstanding anything to the contrary herein, the representations and warranties in this Section 2.12 are the sole and exclusive representations and warranties concerning environmental matters.

Section 2.13 Business Permits

. Schedule 2.13 sets forth a true, correct and complete list of all Business Permits. All Business Permits are in full force and effect on the date hereof, and have not lapsed, expired, or been cancelled, terminated or withdrawn. No Seller is in conflict with, or in default or violation of, or, with the giving of notice or lapse of time or both, would be in conflict with, or in default or violation of, any Business Permit. No Seller has received any written notice of any cancellation, suspension, revocation, invalidation or non-renewal of any Business Permit. Each Seller, as applicable, has timely filed with the relevant Governmental Authority all material forms, reports and documents required to be filed by it pursuant to all applicable Law. The consummation of the transactions contemplated by this Agreement shall not affect the continued validity of any Business Permit.

Section 2.14 Brokers

. Except as set forth on Schedule 2.14, neither Sellers nor any of their Affiliates has incurred, and none will incur, directly or indirectly, as a result of any action taken by it, any liability for brokerage or finders' fees or agents' commissions or any similar charges in connection with this Agreement or the transactions contemplated hereby.

Section 2.15 Affiliate Transactions

. Except as set forth on Schedule 2.15, there are no contracts, agreements or arrangements, written or oral, between Sellers and any of their respective Affiliates relating to or affecting any of the Assets.

Section 2.16 No Other Representations and Warranties

. EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT (INCLUDING THE DISCLOSURE SCHEDULES) AND THE OTHER ACQUISITION DOCUMENTS, NONE OF SELLERS OR THEIR RESPECTIVE AFFILIATES MAKES ANY REPRESENTATION OR WARRANTY, WHETHER ORAL OR WRITTEN, EXPRESS OR IMPLIED, STATUTORY OR OTHERWISE, IN RESPECT OF SELLERS, THEIR AFFILIATES OR ANY OF THEIR RESPECTIVE ASSETS OR BUSINESSES, INCLUDING ANY REPRESENTATION OR WARRANTY AS TO THE ACCURACY OR COMPLETENESS OF ANY INFORMATION REGARDING THE BUSINESS OR THE ASSETS FURNISHED OR MADE AVAILABLE TO PURCHASER AND ITS REPRESENTATIVES (INCLUDING ANY INFORMATION, DOCUMENTS OR MATERIAL MADE AVAILABLE TO PURCHASER IN THE DATA ROOM, MANAGEMENT PRESENTATIONS OR IN ANY OTHER FORM IN EXPECTATION OF THE ACQUISITION) OR AS TO THE FUTURE REVENUE, CONTRACT PERFORMANCE, COSTS TO COMPLETE, PROFITABILITY OR SUCCESS OF THE BUSINESS OR THE ASSETS, AND ANY SUCH OTHER REPRESENTATIONS OR WARRANTIES ARE HEREBY EXPRESSLY DISCLAIMED AND NONE SHALL BE IMPLIED AT LAW OR IN EQUITY. PURCHASER HEREBY ACKNOWLEDGES AND AGREES THAT PURCHASER IS ACQUIRING THE ASSETS AND THE ASSUMED LIABILITIES ON AN "AS IS, WHERE IS" BASIS AFTER GIVING EFFECT TO THE TERMS CONTAINED HEREIN.

ARTICLE 3
REPRESENTATIONS AND WARRANTIES OF PURCHASERS

Purchasers hereby, jointly and severally, represent and warrant the following to Sellers as of Effective Date:

Section 3.1 Organization, Authority and Capacity.

. Each Purchaser is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Louisiana. Each Purchaser has the full power and authority necessary to execute, deliver and perform its obligations under the Acquisition Documents to be executed and delivered by it. Each Purchaser is qualified to do business and is in good standing in each jurisdiction in which a failure to be so qualified or in good standing would have a material adverse effect on its ability to perform its obligations under the Acquisition Documents to be executed and delivered by it.

Section 3.2 Authorization and Validity.

. The execution, delivery and performance of the Acquisition Documents to be executed and delivered by Purchasers have been duly authorized by all necessary action of the appropriate governing body of each Purchaser. The Acquisition Documents to be executed and delivered by Purchasers have been or will be, as the case may be, duly executed and delivered by Purchasers and constitute or will constitute the legal, valid and binding obligations of Purchasers, enforceable in accordance with their respective terms, except as may be limited by bankruptcy, insolvency, or other laws affecting creditors' rights generally, or as may be modified by a court of equity.

Section 3.3 Absence of Conflicting Agreements or Required Consents

. The execution, delivery and performance by Purchasers of the Acquisition Documents to be executed and delivered by Purchasers: (a) do not require the consent of or notice to any Governmental Authority or any other third party; (b) will not conflict with any provision of Purchasers' organizational documents; and (c) will not conflict with or result in a violation of any Law, ruling, judgment, order or injunction of any Governmental Authority to which Purchasers are subject or by which Purchasers or any of their rights, assets or properties are bound.

Section 3.4 Brokers

. Neither Purchasers nor any of their Affiliates has incurred, and none will incur, directly or indirectly, as a result of any action taken by it, any liability for brokerage or finders' fees or agents' commissions or any similar charges in connection with this Agreement or the transactions contemplated hereby.

Section 3.5 Sufficient Funds; Solvency

. Purchasers have sufficient funds on hand to pay the Purchase Price and to complete the transactions contemplated hereby. Immediately after giving effect to the transactions contemplated by this Agreement, Purchaser and each of its Affiliates shall be able to pay their respective debts as they become due; provided that the parties hereby acknowledge and agree that Purchasers will not be required to provide their financial statements to Sellers unless a final non-appealable order by a court of competent jurisdiction requires Purchasers to do so.

Section 3.6 Litigation

. There is no Legal Proceeding pending or, to the knowledge of Purchasers, threatened or anticipated against Purchasers relating to or affecting the transactions contemplated by this Agreement.

ARTICLE 4
ADDITIONAL AGREEMENTS

Section 4.1 Utility and Service Agreements

. On or before the Closing Date, to the extent reasonably practicable and requested by Purchasers, Sellers shall terminate all utility agreements and service agreements related to the Owned Real Property and/or the Business, other than those agreements expressly assumed under this Agreement; and to the extent any such utility agreements and service agreements are not terminated, such utilities and services shall be prorated in accordance with Section 1.13 and terminated after the Closing Date upon the request of Purchasers.

Section 4.2 Transfer Taxes

. All sales, use, excise, real property transfer, controlling interest, and documentary stamp Taxes and fees, including any penalties and interest ("Transfer Taxes"), incurred solely in connection with the consummation of the transactions contemplated by this Agreement (regardless of the Person on whom such Taxes are imposed by applicable Law) shall be borne and paid by Purchasers when due. Purchasers and Sellers agree to cooperate to obtain any certificate or other document from any Governmental Authority or any other Person as may be necessary to mitigate, reduce or eliminate any Transfer Taxes that could be imposed.

Section 4.3 Confidentiality

. For a period of three (3) years after the Closing, Sellers shall not, and shall instruct their respective employees and representatives (together with Sellers, the "Restricted Parties") not to, directly or indirectly, disclose, reveal, divulge or communicate to any Person other than authorized members, managers, officers, employees and representatives of Purchasers, or use or otherwise exploit for its own benefit or for the benefit of anyone other than Purchasers, any Confidential Information; provided that the obligations under this Section 4.3 shall not apply to any Confidential Information that (a) is or becomes generally available to and known by the public through no fault of or improper disclosure by a Restricted Party, (b) has been independently developed by a Restricted Party or (c) disclosed to the general public by third parties through no fault of or improper disclosure by a Restricted Party. If a Restricted Party becomes compelled by Law or the rules of a securities exchange to make any disclosure that is prohibited or otherwise restricted by this Agreement, then such party will give Purchasers prompt written notice of such requirement, so Purchasers (at their sole cost and expense) may attempt to obtain a protective order or other reliable assurance that confidential treatment will be accorded to any such subject Confidential Information potentially to be disclosed.

Section 4.4 Public Disclosure

. Unless otherwise required by applicable Law or securities exchange regulations, neither Sellers nor Purchasers shall make any public announcements in respect of this Agreement or the transactions contemplated hereby without the prior written consent of the other, and Sellers and Purchasers shall cooperate as to the timing and contents of any such announcement; provided, that to the extent Sellers deem any such announcement or disclosure necessary in order to comply with securities exchange regulations, Sellers shall use commercially reasonable efforts to consult with Purchasers regarding such disclosure and give good faith consideration to any suggested changes to such disclosure from Purchasers.

Section 4.5 Refunds and Remittances

. Following the Closing, (a) if a Seller receives any cash, check, property or other amount that is an Asset (or that constitutes the proceeds thereof)

or that otherwise properly belongs to Purchasers in accordance with the terms of this Agreement, such Seller shall promptly (but in no event later than five (5) Business Days after receipt thereof) deliver such amount to Purchasers, and (b) if a Purchaser receives any refund or other amount that is an Excluded Asset or that otherwise properly belongs to Sellers in accordance with the terms of this Agreement, such Purchaser shall promptly (but in no event later than five (5) Business Days after receipt thereof) deliver such amount to Sellers.

Section 4.6

Employees.

(a) On the Closing Date, Purchasers shall or shall cause one of their Affiliates to make offers of employment, which shall specify that such employment will not be effective until six (6) calendar days after the Closing Date (the "Hire Date"), to a sufficient number of the Employees (each such Employee who accepts such an offer of employment a "Business Employee") to prevent liability under the WARN Act, subject to Purchasers' (or their Affiliate's) employment screening procedures and hiring practices.

(b) Purchasers or their applicable Affiliate shall (i) provide the Business Employees with credit for health or welfare benefit deductibles and co-pays incurred by such Business Employees while employed by Sellers or their applicable Affiliate during 2021 with respect to similar health or welfare benefits to be made available to such employees by Purchasers, and (ii) shall honor no more than three (3) weeks of vacation for each Business Employee; provided, that Purchasers and Sellers shall split the costs 50%/50% of such three (3) weeks (or less, as applicable) of unused vacation for the Business Employees, including without limitation Business Employees scheduled to earn vacation on July 1, 2021 (Purchasers' 50% portion of all such costs, the "Vacation Expenses"). Notwithstanding anything herein to the contrary, (i) Purchasers and their applicable Affiliate shall not grant Business Employees credit for service with Seller or an Affiliate for purposes of any Purchasers' (or their applicable Affiliate's) 401(k) plan, and (ii) if any Business Employee chooses to participate in Purchasers' "work place solutions" program when hired (which allows employees to receive a higher hourly rate instead of vacation pay and other benefits), Purchasers shall not split the costs of any Vacation Expenses of such Business Employee with Sellers and Sellers shall bear the costs of all Vacation Expenses of such Business Employee.

(c) Notwithstanding the preceding provisions of this Section 4.6, this Section 4.6 is not intended to and shall not (i) create any third party rights, (ii) amend any Benefit Program or Purchaser Plan, (iii) require Sellers, Purchasers any of their Affiliates to continue any Purchaser Plan beyond the time when it otherwise lawfully could be terminated or modified or (iv) provide any employee or former employee with any rights to continued employment, severance pay or similar benefits following any termination of employment.

(d) Sellers (i) shall take all action necessary to waive any allocation condition that requires any Business Employee to be employed on the final day of the plan year under any tax-qualified Benefit Program and (ii) shall pro-rate any hour of service requirement according to the portion of the plan year completed as of the Closing Date.

(e) During the period of time commencing on the Closing Date and ending on the Hire Date (the "Secondment Period"), Sellers shall cause their applicable Affiliate to (i)

continue to employ the Business Employees and (ii) second such Business Employees to Purchasers to allow for the continued operation of the Business (the "Secondment"); provided that Purchasers shall fully reimburse Sellers and their applicable Affiliate for all expenses, including salary, hourly wages, and benefit costs; provided, that all welfare benefits are fully-insured, incurred by Sellers and their applicable Affiliate in connection with the continued employment of the Business Employees during the Secondment Period (collectively, the "Secondment Expenses").

Section 4.7 Restrictive Covenants

Sellers acknowledge that to induce Purchasers to enter into the transactions contemplated by this Agreement, Sellers must agree to certain restrictive covenants relating to the conduct of their business after the Closing. Sellers further acknowledge that the Business is in a highly technical, competitive, and specialized industry, and that the customer and employee relationships are significant to the operation of the Business and provide it with a competitive advantage.

(a) During the Restricted Period, Sellers agree that they will not directly or indirectly, for their own benefit or on behalf of another Person or to the Purchaser's detriment:

- (i) Solicit any of the Business Employees unless (x) Purchasers provide written consent, (y) Purchasers terminated the employment of any such Business Employee, or (z) such Business Employees' daily duties are to occur outside the Restricted Area;
- (ii) Solicit or divert, or attempt to divert, any customer or vendor (existing or prospective) for the construction, creation, repair, conversion or manufacture of any marine vessel during the Restricted Period and the twelve months prior to the Restricted Period, or to induce such party to terminate or cancel an arrangement or contract with any Purchaser.

(b) Sellers further agree, that within the Restricted Area during the Restricted Period, none of them will carry on or engage in, whether as an owner, manager, director, officer, partner, consultant, shareholder, member, agent, advisor, or in any other capacity, the design, construction, creation or manufacturing of marine vessels. Sellers further agree that none of them will create or acquire any new corporate entity to engage in conduct that would be a breach of this section if Sellers engaged in such conduct. Notwithstanding the foregoing, the completion of any vessel(s) under construction pursuant to the Specified Excluded Contracts; and any Seller's exercise of a right under a Specified Excluded Contract shall not be considered a violation of this provision (collectively, the "Permitted Exceptions").

(c) The parties agree that each of the restrictions set forth in this Agreement is reasonable in business description, time, and geographic scope. The parties further agree that should a court determine that any restriction in this Agreement is unenforceable, such reformed restriction shall be deemed reformed to the minimum extent necessary to provide for its enforcement under applicable law. The parties further agree that each of the restrictions set forth in this Agreement constitutes a separate restriction.

(d) For purposes of this Section 4.7, the following terms shall have the meaning set forth below:

(i) “Restricted Period” shall mean the two-year period following the date on which Sellers complete construction of the vessels under the TXDOT Contract.

(ii) “Restricted Area” shall mean Terrebonne Parish, St. Mary Parish and Lafourche Parish of the State of Louisiana.

(e) In the event any restriction (including any of the Restricted Areas) of this Section 4.7 is deemed by a court of competent jurisdiction (pursuant to Section 8.10) to be overly broad, such restriction shall be stricken from this Section 4.7 without affecting the enforceability of the remaining provisions. In the event the entire restriction is deemed unenforceable by a court of competent jurisdiction, Section 4.7 in its entirety shall be considered stricken from this Agreement.

Section 4.8 Use of Other Transporters

. Following the Closing and upon reasonable advance notice, Sellers shall make available from time to time, at the request of Purchasers when needed, their remaining transporters fleet to the extent reasonably necessary to facilitate the launch of the nine (9) vessels to be completed under the Seller Construction Contracts. Such transporters shall be made available to Purchasers free of charge for an aggregate of sixty-three (63) days, and for each day after such sixty-three day allotment, at a day rate of \$250.00 per transporter.

Section 4.9 Removal of Excluded Assets

. Other than those items identified in the Lease Agreement, (i) the Sellers shall remove all Excluded Assets from the Owned Real Property that have not previously been removed within thirty (30) days after the Closing Date (and Purchasers shall provide Sellers access to the Owned Real Property during normal operating hours, and not to unreasonably interfere with the Purchasers’ conduct of business, in furtherance of such removal during such thirty (30)-day period), and (ii) to the extent any such assets remain on the Owned Real Property thirty (30) days after the Closing Date, then such assets no longer shall be considered “Excluded Assets” hereunder and shall be considered “Assets” hereunder and owned by the applicable Purchaser.

Section 4.10 Business Permits and Shared Permits

(a) Sellers acknowledge that Purchasers’ ability to operate the Business, including having use of all Permits necessary for the operation of the Assets (collectively, the “Business Permits”), on the Closing Date is an essential element of this Agreement.

(b) Sellers and Purchasers acknowledge that there are certain Business Permits that will not be transferred from Sellers to Purchaser on the Closing Date, namely Part 70 Operating Permit No. 2880-00059-V2 (including the applied-for and forthcoming anticipated renewal) and LPDES Permit No. LA0091961 (collectively, the “Shared Permits”). The Shared Permits will be made available to Purchasers pursuant to the Shared Permits Agreement.

(c) Sellers and their Affiliates will cooperate and take all actions reasonably necessary to transfer the Business Permits to Purchasers, as applicable, except for the Shared Permits. Notwithstanding anything to the contrary in this Agreement, no Business Permit shall be deemed sold, transferred or assigned to Purchasers pursuant to this Agreement if the attempted sale, transfer or assignment thereof to Purchasers without the consent or approval of any other Person would be ineffective or would constitute a breach of contract or a violation of any Law, ruling, judgment, order or injunction of any Governmental Authority or would in any other way adversely affect the rights of the applicable Seller (or applicable Purchaser as transferee or assignee), and such consent or approval is not obtained at or prior to the Closing. In such case (i) the beneficial interest in or to such Business Permit (collectively, the “Beneficial Rights”) shall in any event pass at the Closing to Purchaser under this Agreement; and (ii) pending such consent or approval, Purchasers shall discharge the obligations of the applicable Seller under such Beneficial Rights as agent for the applicable Seller, and the applicable Seller shall act as Purchasers’ agent in the receipt of any benefits, rights or interest received from the Beneficial Rights. If and to the extent an arrangement acceptable to Purchasers with respect to Beneficial Rights cannot be made, then Purchasers, upon written notice to Sellers, shall have no obligation under this Agreement or otherwise with respect to any such Business Permit, and such Business Permit shall not be deemed to be an Asset under Section 1.1(b), and no related liability shall be deemed an Assumed Liability.

Section 4.11 Requests for Equitable Adjustment

. The parties hereby acknowledge that GIS has submitted to the U.S. Navy certain requests for equitable adjustment with respect to the Navy Contract that have not been resolved (collectively, the “EA Requests”), and agree that any recoveries by either Purchasers or GIS with respect to such EA Requests shall be divided 50%/50% between Purchasers, on the one hand, and GIS, on the other hand, with the party that receives any funds with respect such EA Requests to remit to the other party its 50% share therein within thirty (30) days of receipt thereof.

Section 4.12 Discharge of Liabilities

. Sellers shall pay and satisfy in due course all Excluded Liabilities that they are obligated to pay and satisfy. Purchasers shall pay and satisfy in due course all Assumed Liabilities that they are obligated to pay and satisfy.

Section 4.13 Title Insurance

. Purchasers, as applicable, shall have the right to obtain, but shall have no obligation to obtain, a customary title insurance policy for the Owned Real Property (a “Title Insurance Policy”) within six (6) months following the Closing Date.

Section 4.14 Intellectual Property Matters

(a) Sellers and Purchasers acknowledge that there is certain Purchased IP that will not be transferred from Sellers to BSL on the Closing Date, namely the Purchased IP set forth on Schedule 4.14(a) that requires prior written consent or certain prior notice before such Purchased IP can be transferred from Sellers to BSL (collectively, the “Post-Closing Purchased IP”). Following the Closing, Sellers and their Affiliates will use commercially reasonable efforts to seek such prior written consent or provide such prior notice and, thereafter, as applicable, to transfer the Post-Closing Purchased IP to BSL.

(b) BSL hereby grants Sellers a perpetual, non-transferable, royalty-free license to any Purchased IP that Sellers, in their reasonable sole discretion, need to utilize in connection with the operation of their (i) fabrication and services business division or (ii) corporate business division, but in all cases excluding the design, construction, creation or manufacturing of marine vessels (other than the Permitted Exceptions), including, without limitation, the Purchased IP set forth on Schedule 4.14(b) hereto.

(c) Sellers hereby grants BSL a perpetual, non-transferable, royalty-free license to the Intellectual Property set forth on Schedule 4.14(c) hereto.

Section 4.15 Hornbeck Litigation

. Following the Closing, upon the request of Zurich Insurance Group, Purchasers shall, or shall cause their applicable Affiliate to, make any Business Employees available to Zurich Insurance Group in connection with any Legal Proceedings arising out of the Hornbeck Agreements. Sellers shall reimburse Purchasers for such assistance at the rates set forth in the TSA.

ARTICLE 5
INDEMNIFICATION

Section 5.1 Survival

. The representations and warranties of the parties contained in this Agreement shall survive for a period of two (2) years from the Closing Date; provided that the representations and warranties set forth in Section 2.1, Section 2.2, Section 2.3(c) (solely as it relates to the PPP Loan), Section 2.3(d) (solely as it relates to the PPP Loan), Section 2.7(a), Section 2.11, Section 2.14, Section 3.1, Section 3.2, Section 3.4, and Section 3.5 (collectively, the “Fundamental Representations”) shall survive until the later of (a) the date that is ninety (90) days following the expiration of the applicable statute of limitations or prescriptive period and (b) three (3) years following the Closing; provided, further, that notwithstanding anything else contained in this Section 5.1, any representation or warranty in respect of which indemnity may be sought under this Agreement shall survive the time at which it would otherwise terminate pursuant to this Section 5.1 if notice of the inaccuracy of such representation or warranty giving rise to such right of indemnity shall have been given to the party against whom such indemnity may be sought prior to such time in accordance with Section 5.4; provided, that notwithstanding anything else contained in this Section 5.1, the representations and warranties provided in Section 2.7(b) and Section 2.7(d) shall survive for a period until the earlier of (i) the six month anniversary of the Closing Date and (ii) the date on which Purchasers obtain the Title Insurance Policy. All agreements and covenants contained in this Agreement shall survive in accordance with their respective terms or, if such terms are silent, indefinitely.

Section 5.2 Indemnification by Sellers

. Subject to Section 5.5, Sellers, jointly and severally, shall indemnify and hold harmless Purchasers and their representatives, members, managers, officers, controlling persons and Affiliates, and their respective successors and assigns (the “Purchaser Indemnified Parties”), from and against any and all Losses suffered or incurred by any such person, arising out of, resulting from or in connection with:

(a) The Excluded Liabilities (other than the Excluded Environmental Liabilities) or the Excluded Assets;

- (b) A breach of any representation or warranty contained in Article 2 of this Agreement or any of the other Acquisition Documents;
- (c) A breach of any covenant or agreement of any Seller contained in this Agreement or any of the other Acquisition Documents;
- (d) Sellers' ownership or operation of the Owned Real Property, the other Assets or the Business prior to the Closing Date, except to the extent such are included as Assumed Liabilities; or
- (e) The Excluded Environmental Liabilities.

Section 5.3 Indemnification by Purchasers

. Subject to Section 5.5, Purchasers, jointly and severally, shall indemnify and hold harmless Sellers and their respective representatives, shareholders, directors, officers, controlling persons and Affiliates, and their respective successors and assigns, from and against any and all Losses suffered or incurred by any such person, arising out of, resulting from or in connection with:

- (a) The Assumed Liabilities;
- (b) A breach of any representation or warranty contained in Article 3 this Agreement or any of the other Acquisition Documents;
- (c) A breach of any covenant or agreement of Purchasers contained in this Agreement or any of the other Acquisition Documents;
- (d) Buyer's ownership or operation of the Owned Real Property, the other Assets or the Business on or after to the Closing Date; or
- (e) The Secondment or the continued use of the "Gulf Island" name in emails as allowed for under the TSA, in each case during the Secondment Period.

Section 5.4 Indemnification Procedures

(a) If any claim for which an indemnifying party (an "Indemnifying Party") may have liability to any indemnified party (an "Indemnified Party") pursuant to Section 5.1 or 5.2 is asserted against or sought to be collected from any Indemnified Party by a third party (a "Third-Party Claim"), such Indemnified Party shall promptly notify the Indemnifying Party in writing of such Third-Party Claim and the amount or the estimated amount of Losses sought thereunder (which estimate shall not be conclusive of the final amount of such Third-Party Claim) (a "Claim Notice"); provided, however, that the failure to provide such notice shall not affect the rights of an Indemnified Party hereunder except to the extent that the defense of such Third-Party Claim is materially prejudiced by such failure. The Indemnifying Party shall have fifteen (15) days after receipt of a Claim Notice to notify the Indemnified Party that it desires to defend the Indemnified Party against such Third-Party Claim.

(b) If the Indemnifying Party timely notifies the Indemnified Party that it desires to defend the Indemnified Party against a Third-Party Claim, (i) the Indemnifying Party shall have the right to defend the Indemnified Party, (ii) the Indemnified Party shall have the right to participate in the defense of such Claim (but not to control the defense of such Third-Party Claim), and (iii) the Indemnifying Party shall have the power and authority to settle or consent to the entry of judgment in respect of the Third-Party Claim without the consent of the Indemnified Party, provided such judgment or settlement (A) results only in the payment by the Indemnifying Party of money damages and (B) includes a full release of the Indemnified Party from any and all liability thereunder, and, in all other events, the Indemnifying Party shall not consent to the entry of judgment or enter into any settlement in respect of a Third-Party Claim without the prior written consent of the Indemnified Party, which consent may be withheld in its sole discretion. If the Indemnified Party shall participate in any such defense, it shall participate at its sole cost and expense, unless (A) the Indemnifying Party and the Indemnified Party are both named parties to the proceedings and the Indemnified Party shall have reasonably concluded that representation of both parties by the same counsel would be inappropriate, due to actual or potential differing interests between them, or (B) the Indemnified Party assumes the defense of a Third-Party Claim after it reasonably concludes that the Indemnifying Party has failed to diligently defend a Third-Party Claim it has assumed, as provided in Section 5.4(c), in either of which events the Indemnifying Party shall bear the cost and expense of such participation. Notwithstanding anything else contained herein, if any Third-Party Claim or the litigation or resolution of any such Third-Party Claim involves (1) the imposition of any restriction on the future activity or conduct of any Indemnified Party or its Affiliates, (2) any finding of a violation of Law or violation of the rights of any Person by any Indemnified Party or its Affiliates or (3) the imposition of criminal liability or criminal damages, then the Indemnified Party shall have the right to control the defense or settlement of any such Third-Party Claim, using counsel reasonably acceptable to the Indemnifying Party, and its reasonable costs and expenses shall be included as part of the indemnification obligation of Indemnifying Party hereunder. If the Indemnified Party should elect to exercise such right, the Indemnifying Party shall have the right to participate in, but not control, the defense or settlement of such claim or demand, at its sole cost and expense.

(c) If the Indemnifying Party (i) elects not to defend the Indemnified Party against a Third-Party Claim which it otherwise has a right to defend pursuant to Section 5.4(b), whether by not giving the Indemnified Party timely notice of its desire to so defend in accordance with Section 5.4(a) or otherwise, or (ii) after assuming the defense of a Third-Party Claim, fails to take reasonable steps necessary to defend diligently such Third-Party Claim within ten (10) days after receiving written notice from the Indemnified Party stating that the Indemnifying Party has so failed, the Indemnified Party shall have the right, but not the obligation, to provide its own defense and to settle or compromise the Third-Party Claim as it deems appropriate, in its sole and absolute discretion, in each case at the cost and expense of the Indemnifying Party.

(d) The Indemnified Party and the Indemnifying Party shall reasonably cooperate in order to ensure the proper and adequate defense of a Third-Party Claim,

including by providing access to each other's relevant business records and other documents, and employees.

(e) In the event any Indemnified Party desires to assert a claim for indemnification under this Article 5 with respect to any matter not involving a Third-Party Claim, such Indemnified Party shall promptly notify the Indemnifying Party in writing of such claim; provided, however, that the failure to provide such a notice shall not affect the rights of an Indemnified Party hereunder except to the extent that the Indemnifying Party was materially prejudiced by such failure. The Indemnifying Party shall have thirty (30) days after receipt of such written notice to respond in writing to such claim. If after the expiration of such thirty (30)-day period the Indemnifying Party has not given the Indemnified Party written notice agreeing to indemnify the Indemnified Party in connection with such claim, then it is to be presumed that the Indemnifying Party has rejected such claim, in which case the Indemnified Party is entitled to pursue such remedies as available to the Indemnified Party on the terms and subject to the limitations and qualifications of this Agreement.

Section 5.5 Indemnification Limitations

(a) Except in the case of (i) breach of any Fundamental Representation or (ii) Fraud, no Indemnifying Party shall be required to indemnify the Indemnified Party under Section 5.2(b) or Section 5.3(b) unless and until the aggregate amount of the Losses for which a right of indemnification is provided under Section 5.2(b) or Section 5.3(b), as applicable, exceeds Two Hundred Thousand Dollars (\$200,000.00) (the "Basket"), at which time rights to indemnification for Losses pursuant to Section 5.2(b) or Section 5.3(b), as applicable, may be asserted for the total amount of any and all such Losses, including the Basket.

(b) Except in the case of (i) breach of any Fundamental Representation or (ii) Fraud, the aggregate amount of all Losses for which an Indemnifying Party shall be required to indemnify the Indemnified Party under (A) Section 5.2(b) and Section 5.2(e) or (B) or Section 5.3(b), as applicable, shall not exceed Four Million Dollars (\$4,000,000.00).

(c) The aggregate amount of all Losses for which Sellers shall be required to indemnify the Purchaser Indemnified Parties under Section 5.2(b) arising out of or related to breaches of any of the Fundamental Representations and Section 5.2(c) shall not exceed the amount of the Purchase Price actually received by Sellers pursuant to Sections 1.7 and 1.9.

(d) Notwithstanding anything else contained herein,

(i) Sellers shall not be liable or obligated to indemnify, hold harmless or defend any Purchaser Indemnified Party pursuant to Section 5.2 if the basis for such liability or obligation was discovered or identified in whole or in part as a result of a Phase II environmental site assessment or other intrusive sampling, testing or investigation (collectively, "Intrusive Tests") undertaken by or on behalf of, or with the consent or

approval of, any Purchaser Indemnified Party, after the Closing Date, except to the extent that such Intrusive Test was (A) required by applicable Law, or (B) undertaken in response to an Legal Proceeding instituted by a third-party against a Purchaser Indemnified Party, which Legal Proceeding was not directly or indirectly solicited, suggested, encouraged or initiated by any Purchaser Indemnified Party;

(ii) Sellers shall not be liable for or obligated to conduct any Remedial Action, or indemnify, hold harmless or defend any Purchaser Indemnified Party for any Losses relating or attributable to any Remedial Action (A) to a clean-up standard that is more stringent than is required to allow the Owned Real Property to be used for the conduct of the Business thereon in substantially the same manner as conducted as of the Closing Date, or (B) that is not incurred in a commercially prudent manner; and

(iii) Sellers shall not be liable or obligated to indemnify, hold harmless or defend any Purchaser Indemnified Party pursuant to Section 5.2(e) after the fifth anniversary of the Closing Date.

(e) Notwithstanding anything else contained herein, nothing in this Agreement shall limit the liability of a party for Fraud.

Section 5.6 Losses Net of Insurance and other Proceeds

. The amount of any claim for which indemnification is provided under this Article 5 shall be net of any amounts actually recovered by the Indemnified Party under insurance policies with respect to such claim and indemnity, contribution or similar payments from third parties, adjusted to reflect any reasonable fees, expenses and costs incurred by Purchasers associated with the facts and circumstances of such recovery, including deductibles, retrospective premium adjustments, experience-based premium adjustments and indemnification or contribution obligations.

Section 5.7 Mitigation

. An Indemnified Party shall use its commercially reasonable efforts to mitigate all Losses relating to an indemnifiable claim after becoming aware of any event that would reasonably be expected to give rise to any Losses that are indemnifiable hereunder; *provided, however*, that nothing in this Section 5.7 shall be construed to require that any Indemnified Party resort to litigation, arbitration or other extraordinary efforts with respect to any Person.

Section 5.8 Exclusive Remedy

. Except in the event of Fraud, the indemnification provisions of this Article 5 shall be the sole and exclusive remedy of the Indemnified Parties with respect to claims arising out of, concerning, or related to the transactions that are the subject of, this Agreement, whether sounding in contract, tort, statute, or otherwise, and whether asserted against Purchasers, Sellers, their respective officers, directors or employees, or any other Person. However, in no event shall any party, its successors, or its permitted assigns be entitled to claim or seek rescission of the transactions contemplated by this Agreement or rescission damages. Except in the event of Fraud, each of the parties hereto, on behalf of itself and Affiliates, covenants not to sue and agrees not to bring any Legal Proceedings against any other party or its equity owners, directors, managers, officers, employees, or Affiliates arising out of, concerning, or relating to any breach or alleged breach of any representation, warranty or covenant in this Agreement, except pursuant to the express provisions of this Article 5. Notwithstanding any other

sentence in this Section 5.8 or elsewhere in this Agreement, each party hereto shall be entitled to bring an action for injunctive relief or specific performance to enforce the terms of this Agreement.

Section 5.9 Knowledge

. Sellers shall not be liable under this Article 5 for any Losses arising out of, resulting from or in connection with any breach of any representation or warranty contained in Article 2 of this Agreement or any of the other Acquisition Documents if Purchasers had Knowledge of such inaccuracy or breach prior to the Closing.

Section 5.10 Materiality

. For purposes of this Article 5, in determining the amount of any Losses that are the subject matter of a claim for indemnification hereunder, each representation and warranty shall be read without regard and without giving effect to any materiality qualifications contained therein (including the terms “material”, “material adverse effect”, “Material Adverse Effect” or any similar terms).

ARTICLE 6
MISCELLANEOUS PROVISIONS

Section 6.1 Notices

(a) All notices and other communications under this Agreement must be in writing and are deemed duly delivered when (i) delivered on a Business Day if delivered personally or by nationally recognized overnight courier service (costs prepaid), (ii) sent by email transmission if delivered without receipt of any “bounceback” or similar notice indicating failure of delivery (or the first Business Day following such delivery if the date of delivery is not a Business Day or if sent after 4:00 pm Central Time), or (iii) received on a Business Day by the addressee, if sent by United States of America certified or registered mail, return receipt requested; in each case to the following addresses or email addresses and marked to the attention of the individual (by name or title) designated below (or to such other address, or individual as a party may designate by notice to the other parties):

If to Sellers:

c/o Gulf Island Fabrication, Inc.
16225 Park Ten Place, Suite 300
Houston, Texas 77084
Attention: Richard Heo; Westley Stockton
Email: [***]; [***]

with a copy (which shall not constitute notice) to:
Jones Walker, LLP
201 St. Charles Avenue, Suite 5100
New Orleans, Louisiana 70170
Email: [***]; [***]
Attention: Curt Hearn; Brett Beter

If to Purchasers:

c/o Bollinger Shipyards Lockport, L.L.C.
8365 Hwy. 308 South
Lockport, Louisiana 70374
Email: [***]
Attention: Benjamin G. Bordelon

with a copy (which shall not constitute notice) to:
Phelps Dunbar LLP
365 Canal Street, Suite 2000
New Orleans, Louisiana 70130
Email: [***]
Attention: Bart Bacigalupi

(b) Any party hereto may change its address specified for notices herein by designating a new address by notice in accordance with this Section 8.1.

Section 6.2 Expenses

. Each of the parties hereto shall bear and pay all costs and expenses incurred by it or on its behalf in connection with the transactions contemplated hereunder; provided that unless otherwise expressly set forth herein, in any action between the parties arising out of or relating to the Acquisition or the Acquisition Documents, the substantially prevailing party in such action shall be awarded, in addition to any damages, injunctions or other relief, his, her or its costs and expenses, not limited to taxable costs, and reasonable attorneys' fees.

Section 6.3 Further Assurances

. Each party covenants that at any time, and from time to time, after the Closing, it will execute such additional instruments and take such actions as may be reasonably requested by the other parties to confirm or perfect or otherwise to carry out the intent and purposes of this Agreement.

Section 6.4 Waiver

. Any failure on the part of any party to comply with any of its obligations, agreements or conditions hereunder may be waived by any other party to whom such compliance is owed only by an agreement in writing signed by the parties against whom enforcement of such waiver is sought. No waiver of any provision of this Agreement shall be deemed, or shall constitute, a waiver of any other provision, whether or not similar, nor shall any waiver constitute a continuing waiver.

Section 6.5 Assignment

. This Agreement shall not be assignable by any of the parties hereto without the written consent of all other parties.

Section 6.6 Binding Effect

. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, legal representatives, executors, administrators, successors and permitted assigns.

Section 6.7 Headings

. The section and other headings in this Agreement are inserted solely as a matter of convenience and for reference, and are not a part of this Agreement.

Section 6.8 Entire Agreement

. All Schedules and Exhibits attached to this Agreement are by reference made a part hereof. This Agreement and the Exhibits, Schedules, certificates and other documents delivered pursuant hereto or incorporated herein by reference, including, but not limited to the other Acquisition Documents, contain and constitute the entire agreement among the parties and supersede and cancel any prior agreements, representations, warranties, or communications, whether oral or written, among the parties relating to the transactions contemplated by this Agreement. Neither this Agreement nor any provision hereof may be changed, discharged or terminated orally, but only by an agreement in writing signed by the party against whom or which the enforcement of such change, discharge or termination is sought.

Section 6.9 Severability

. If any provision of this Agreement becomes or is declared by a court of competent jurisdiction to be illegal, unenforceable or void, then this Agreement shall continue in full force and effect without such provisions; provided, however, that no such severability shall be effective if it materially changes the economic benefit of this Agreement to any party. Upon any such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties shall negotiate in good faith to modify this Agreement so as to effect their original intent as closely as possible in an acceptable manner to the end that the transactions contemplated by the Acquisition Documents are consummated to the extent possible, and in any case such term or provision shall be deemed amended to the extent necessary to make it no longer invalid, illegal or unenforceable.

Section 6.10 Governing Law; Venue; Waiver of Jury Trial

(a) All issues and questions concerning the construction, validity, interpretation and enforceability of this Agreement or any transactions contemplated hereby, and all Legal Proceedings arising hereunder or thereunder or in connection herewith or therewith, whether purporting to be sound in contract or tort, or at law or in equity, shall be governed by, and construed in accordance with, the laws of the State of Louisiana, without giving effect to any choice of law or conflict of law rules or provisions (whether of the State of Louisiana or any other jurisdiction) that would cause the application of the Laws of any jurisdiction other than the State of Louisiana.

(b) The parties hereby agree and consent to be subject to the exclusive jurisdiction of the United States District Court for the Eastern District of Louisiana or, to the extent such court declines jurisdiction, to any state court located in Orleans or Terrebonne in the State of Louisiana (and in each case of the appropriate appellate courts therefrom), and hereby waive the right to assert the lack of personal or subject matter jurisdiction or improper venue in connection with any such suit, action or other proceeding.

(c) EACH PARTY HERETO HEREBY KNOWINGLY, INTENTIONALLY AND VOLUNTARILY AND WITH AND UPON THE ADVICE OF COMPETENT COUNSEL IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING (WHETHER BASED ON CONTRACT, TORT, OR OTHERWISE) ARISING OUT OF, RELATING TO OR IN CONNECTION WITH (i)

THIS AGREEMENT OR THE VALIDITY, PERFORMANCE, INTERPRETATION, COLLECTION OR ENFORCEMENT HEREOF, (ii) THE TRANSACTIONS CONTEMPLATED HEREBY OR (iii) THE ACTIONS OF SUCH PARTY IN THE NEGOTIATION, AUTHORIZATION, EXECUTION, DELIVERY, ADMINISTRATION, PERFORMANCE OR ENFORCEMENT HEREOF. EACH PARTY HERETO (1) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (2) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

Section 6.11 Counterparts

. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Signatures may be delivered by portable document format (“pdf”) in electronic transmission, which shall be as effective as delivery of a manually executed counterpart of this Agreement and shall also be deemed an original.

Section 6.12 Time of the Essence

. With regard to all dates and time periods set forth or referred to in this Agreement, time is of the essence.

Section 6.13 Communications Matters

(a) The parties intend no waiver of the attorney-client privilege and that, at all times after the Closing, Sellers will have the right in their sole discretion to assert or waive any attorney work-product protections, attorney-client privileges and similar protections and privileges relating to emails or other communications that pertain to the Excluded Assets or the Excluded Liabilities. In addition, to the extent any Data and/or Intellectual Property used or developed in connection with the Specified Excluded Contracts or the vessels being constructed pursuant thereto is provided, or possession thereof is delivered (in either case, whether intentionally or unintentionally), to Purchasers in connection with the Acquisition, Purchasers shall promptly provide and deliver to Sellers such Data and/or Intellectual Property upon discovery or demand; provided that, notwithstanding anything to the contrary set forth herein, Purchasers’ indemnification obligations pursuant to Section 5.3(c) for a breach of this Section 6.13(a) shall be limited to breaches of this Section 6.13(a) caused by Purchasers’ or their employees’ or representatives’ gross negligence or intentional misconduct.

(b) Purchasers acknowledge that included within the Assets may be emails or other communications originated or received by Employees and further acknowledge that the content of such emails may include information that is not related to the Business or the Assets purchased pursuant to this Agreement (collectively, the “Other Information”). Purchasers agree to keep the Other Information confidential and not to use the Other Information for its own commercial purposes for a period of five (5) years after the Closing.

ARTICLE 7
CERTAIN DEFINITIONS

Section 7.1 Definitions

. Except as otherwise provided herein, the capitalized terms set forth below have the following meanings:

“Acquisition Documents” means this Agreement, the Bill of Sale, the TSA, the Lease Agreement, the Assignment and Novation Agreements, the Shared Permits Agreement and the other documents and instruments to be delivered pursuant to this Agreement.

“Affiliate” means, with respect to a specified Person, a Person that directly, or indirectly through one or more intermediaries, controls, is controlled by or is under common control with, the specified Person. For purposes of this definition, the term “control” (including the terms “controlling,” “controlled by” and “under common control with”) means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

“Agreed Target Amount” means negative \$20,881,000, which represents Cumulative Amounts Billed *minus* Cumulative Costs Incurred *minus* retentions with respect to the Seller Construction Contracts as of December 31, 2020, as detailed on Schedule 1.8.

“Business” means the segment of the Shipyard Business being transferred in this Acquisition in connection with the ownership and use of the Assets.

“Business Day” means any day other than Saturday, Sunday or any day on which banking institutions in Houston, Texas, or New Orleans, Louisiana, are closed either under applicable Law or action of any Governmental Authority.

“Closing Amount” represents Cumulative Amounts Billed *minus* Cumulative Costs Incurred *minus* retentions with respect to the Seller Construction Contracts as of the Closing Date.

“Code” means the Internal Revenue Code of 1986, as amended, and any successor statute thereof, and the rules and regulations promulgated thereunder.

“Confidential Information” means any information with respect to the Assets, including with respect to methods of operation, prices, fees, costs, technology, know-how, software, marketing methods, plans, suppliers, competitors, markets and other specialized information or proprietary matters.

“Cumulative Amounts Billed” means all amounts billed in connection with the Seller Construction Contracts (i) from the execution thereof through December 31, 2020 used to derive the Agreed Target Amount; provided that the parties hereby acknowledge and agree that Cumulative Amounts Billed used to derive the Agreed Target Amount was equal to \$178,130,000 (including retention of \$2,430,000), and (ii) from December 31, 2020 through the Closing Date to derive the Adjustment Amount, excluding billings related to the Navy Payment Amount. Cumulative Amounts Billed will be calculated and accounted for in accordance with GAAP, which Sellers have applied and will apply on a consistent basis.

“Cumulative Costs Incurred” means all costs incurred, whether paid in cash or vouchered as an accounts payable, in connection with the Seller Construction Contracts (i) from the execution thereof through December 31, 2020 used to derive the Agreed Target Amount; provided that the parties hereby acknowledge and agree that Cumulative Amounts Incurred used to derive the Agreed Target Amount was equal to \$196,581,000, and (ii) from December 31, 2020 through the Closing Date to derive the Adjustment Amount, excluding costs related to the Navy Payment Amount. Cumulative Costs Incurred will reflect proper job costs determined to be reasonable and allocable to the Seller Construction Contract, which Sellers have applied and will apply on a consistent basis. For the avoidance of doubt, Cumulative Costs Incurred exclude costs charged directly to overhead costs, general and administrative costs and capital costs.

“Data” means all digital and tangible embodiments, in whatever form or medium, of design documents, engineering drawings, technical specifications, testing information, cost or financial data, and communications between Sellers and any third party related to bids, proposals, design, and construction of marine vessels or any part thereof.

“Data Room” means the virtual data room located at the following URL:
<https://americas.datasite.com/manda/project/5e8dfdf8d3b556581b6146c9/content/5e9868bb68fb7c2d12025c9f?mode=default&activeProjectId=5e8dfdf8d3b556581b6146c9>.

“Environmental Laws” means any Laws which relate to pollution, or protection of human health to the extent related to exposure to Hazardous Substances, the protection or cleanup of the environment, or the release or disposal of deleterious substances into the environment (including without limitation ambient air, surface water, groundwater, land surface or subsurface strata). The term “Environmental Laws” includes, without limitation, the following, including any state law analogs, and any of their respective implementing regulations: the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act of 1986, 42 U.S.C. §§ 9601 et seq.; the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act of 1976, as amended by the Hazardous and Solid Waste Amendments of 1984, 42 U.S.C. §§ 6901 et seq.; the Federal Water Pollution Control Act of 1972, as amended by the Clean Water Act of 1977, 33 U.S.C. §§ 1251 et seq.; the Toxic Substances Control Act of 1976, as amended, 15 U.S.C. §§ 2601 et seq.; the Emergency Planning and Community Right-to-Know Act of 1986, 42 U.S.C. §§ 11001 et seq.; the Clean Air Act of 1966, as amended by the Clean Air Act Amendments of 1990, 42 U.S.C. §§ 7401 et seq.; and the Occupational Safety and Health Act of 1970, as amended, 29 U.S.C. §§ 651 et seq.

“Environmental Notice” means any written directive, notice of violation or infraction, notice of potential penalty, responsibility or liability, notice of intent to sue, warning letter, request for information, objection or other notice (including, without limitation, a directive to perform a Remedial Action) relating to any actual or alleged non-compliance with or liability under any Environmental Law or any term or condition of any Environmental Permit.

“Environmental Permit” means any Permit issued pursuant to any Environmental Law.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended.

“ERISA Affiliate” means, with respect to any entity, any other entity, which, together with such entity, would be treated as a single employer (a) under Section 414(b) or (c) of the Code or (b) for purposes of any benefit plan subject to Title IV of ERISA, under Section 414(b), (c), (m) or (o) of the Code.

“Fraud” means, with respect to a party, the knowing and intentional misrepresentation, deceit or concealment of a material fact with the intention of depriving a Person of property or legal rights or otherwise causing injury.

“GAAP” means United States generally accepted accounting principles, consistently applied.

“Governmental Authority” means local, state, or federal governmental body, agency or department, including any political subdivision thereof or any agency or instrumentality of such government or political subdivision and any regulatory agency having jurisdiction over any of the parties, the Assets or the Acquisition.

“Hazardous Substances” means any substance, material or waste listed, defined or characterized under Environmental Laws as “hazardous,” “toxic,” or “radioactive” or as a “pollutant” or “contaminant” or words of similar meaning or effect, or otherwise regulated under, applicable Environmental Laws, including without limitation gasoline or any other petroleum product or byproduct, polychlorinated biphenyls, asbestos, urea formaldehyde and per- and polyfluoroalkyl substances.

“Hornbeck Agreements” means those two certain Vessel Construction Agreements, dated May 10, 2013, between GIS and Hornbeck Offshore Services, LLC for purposes of constructing multi-purpose supply vessel hull nos. 369 and 370.

“Intellectual Property” means, whether owned or licensed from third parties, (i) inventions (whether or not patentable), trade secrets, technical data, confidential information, databases, customer lists, supplier lists, designs, tools, methods, processes, formulae, recipes, technology, ideas, know-how, product roadmaps and other proprietary information and materials, (ii) trademarks and service marks (whether or not registered), trade names, logos, trade dress and other proprietary indicia and all goodwill associated therewith, (iii) documentation, advertising copy, marketing materials, websites, social media rights, accounts and sites, specifications, drawings, graphics, databases, recordings and other works of authorship, whether or not protected by copyright, (iv) computer programs, including any and all software implementations of algorithms, models and methodologies, whether in source code or object code, interfaces, program files, design documents, flowcharts, user manuals and training materials relating thereto and any translations thereof, (v) business methods, online purchasing and fulfillment systems, account and inventory management processes and data processing procedures and related websites, software, hardware and databases, and (vi) all forms of legal rights and protections that may be obtained for, or may pertain to, the intellectual property set forth in clauses (i) through (v) in any country of the world, including all patents, patent applications, provisional patent applications, design patents, Patent Cooperation Treaty filings, invention disclosures and other rights to inventions or designs, all registered and unregistered copyrights in both published and unpublished works, all trademarks, service marks and other proprietary indicia (whether or not registered), trade secret rights, moral

rights or other literary property or author's rights, and all applications, registrations, issuances, divisions, continuations, continuations-in-part, renewals, reexaminations, reissuances and extensions of the foregoing.

“Knowledge” means (a) with respect to Sellers, the actual knowledge of (i) [***], [***], [***], [***] (solely with respect to Section 2.8), [***], [***] (solely with respect to Section 2.8), [***] (solely with respect to Section 2.8), [***] (solely with respect to Section 2.8), [***] (solely with respect to Section 2.8), [***] (solely with respect to Section 2.12), or [***] (solely with respect to Sections 2.9 and 2.10), in each case after reasonable investigation, or (ii) [***] or [***], in each case to the extent such actual knowledge was obtained in connection with the preparation of this Agreement or the Disclosure Schedules, and (b) with respect to Purchasers, the actual knowledge of (x) [***], [***], [***], or [***], in each case after reasonable investigation, or (y) [***], [***] or [***], in each case to the extent such actual knowledge was obtained in connection with the preparation of this Agreement or with the due diligence review of Sellers, the Business or the Assets.

“Law” means any local, state, federal, or foreign code, law, ordinance, regulation, reporting, ruling or licensing requirement, rule, or statute applicable to a Person or its assets, Liabilities or business, including those promulgated, interpreted or enforced by any Governmental Authority.

“Legal Proceeding” means any claim, action, cause of action, demand, lawsuit, arbitration, inquiry, audit, notice of violation, proceeding, litigation, citation, summons, subpoena or investigation of any nature, judicial, civil, criminal, administrative, regulatory or otherwise, whether at law or in equity by or before a Governmental Authority.

“Liabilities” means any indebtedness, obligations or liabilities of any kind (whether known or unknown, absolute or contingent, accrued or unaccrued, asserted or unasserted, dispatched or undispached, joint or several, vested or unvested, executory, determined, determinable or otherwise, fixed, liquidated, unliquidated or otherwise, or whether due or to become due, and regardless of when asserted).

“Lien” means any conditional sale agreement, covenant, default of title, easement, encroachment, encumbrance, hypothecation, infringement, lien, mortgage, pledge, reservation, restriction, right of way, security interest, title retention or other security arrangement, or any adverse right or interest, charge, or claim of any nature whatsoever of, on, or with respect to any right, title or interest in or to any right, asset or property.

“Loss” means, whether or not arising out of a Third-Party Claim, any Liability, damages, obligation, penalty, cost or expense (including costs of investigation, collection and defense, attorneys' and other professionals' fees and disbursements) of or by any Person; provided that, except in connection with Losses related to Fraud, in no event shall the term “Loss” include consequential, incidental, exemplary, special, indirect or punitive damages or any loss of future revenue, profits or income, or any diminution in value damages measured as a multiple of earnings, revenue or any other performance metric.

“Material Adverse Effect” means any circumstance, development, event, condition or occurrence which (a) has an effect, or would reasonably be expected to have an effect, that is materially adverse to the business, condition (financial or otherwise), assets, properties, Liabilities, rights, obligations, prospects or results of operations of the Business, taken as a whole or (b) materially impairs or delays the ability of the Sellers to consummate the transactions contemplated by this Agreement or to perform their obligations under this Agreement; provided, however, that none of the following shall be deemed (either alone or in combination) to constitute, and none of the following shall be taken into account in determining whether there has been or may be, a Material Adverse Effect: (i) the effect of any change in the United States or foreign economies or securities or financial markets in general, or other general business, financial or economic condition not disproportionately affecting the Company Group as compared to other businesses in the industry that they operate; (ii) the effect of any change that generally affects any industry in which any member of the Company Group operates; (iii) the effect of any changes in applicable Laws or accounting rules (including GAAP) or any interpretation thereof; (iv) acts of war, sabotage or terrorism, military actions or escalations thereof, including the engagement by the United States in hostilities or the escalation thereof, whether or not pursuant to the declaration of a national emergency or war, or the occurrence or the escalation of any military or terrorist attack upon the United States or any of its territories, possessions or diplomatic or consular offices or upon any military installation, equipment or personnel of the United States; (v) outbreaks, pandemics (including the COVID-19 pandemic), earthquakes, hurricanes, tornados, fires or other natural disasters; (vi) compliance with the terms of, or the taking of any action required by, this Agreement or the other agreements contemplated hereby; (vii) matters that arise from any actions or omissions of Purchasers or their Affiliates with respect to the transactions contemplated in this Agreement or (viii) changes in projected future revenue, contract performance, costs to complete, profitability or success of the Business or the Assets.

“NCDOT Contract” means that certain ferry construction contract No. C204243 dated November 7, 2018, between GIS and the North Carolina Department of Transportation.

“Ordinary Course of Business” shall mean actions taken by or on behalf of a Seller that are consistent with the past usual day-to-day customs and practices of such Seller in the ordinary course of operations of the Business.

“Permits” means authorizations, permits, approvals, licenses, accreditations and certifications, all pending applications therefor or renewals thereof and all operating rights derived therefrom.

“Permitted Lien” means (a) liens for Taxes not yet due and payable; (b) zoning ordinances, municipal codes and other similar laws and regulations; (c) all servitudes, rights of way, restrictions, covenants, mineral reservations and leases, and all other similar rights recorded in Terrebonne Parish, Louisiana that affect the Owned Real Property; (d) any non-apparent servitudes affecting the Owned Real Property which do not materially impair the current use or occupancy of such Owned Real Property; (e) any dispute as to the boundaries of the Owned Real Property caused by a change in the location of any water body within or adjacent to the Owned Real Property prior to the Closing Date, and any adverse claims to all or part of the Owned Real Property that is, at the Closing Date, or was previously, under water; (f) servitude for Houma Navigational Channel in favor of the State of Louisiana, Terrebonne Parish Policy Jury or the public, as applicable,

traversing the Owned Real Property; (g) legal servitudes in favor of the public over the Owned Real Property established by Louisiana Civil Code Articles 665 and 666; (h) rights of the public to use the banks of Owned Real Property abutting the Houma Navigational Channel for passage, stopping, or otherwise as provided in Louisiana Civil Code Article 456; (i) rights of others as expressed in Louisiana Civil Code Article 501 in and to the proportional ownership of any alluvion connected with, or comprising the Owned Real Property or any interest therein; (j) rights and any servitudes created in favor of any person or entity to the Owned Real Property due to any erosion, dereliction or accretion or any change in the bed line of the Houma Navigational Channel; (k) right-of-way for Bayou Dularge Road (LA Hwy. 315); (l) any servitudes imposed by Articles 655-672 of the Louisiana Civil Code, La. R.S. 19:14 and the "St. Julien Doctrine," including those for any utility (including water, electric, gas and telephone) lines and facilities and any pipelines presently located on the Owned Real Property, (m) any encroachments or fence misalignments that do not materially impair the current use of the Owned Real Property or (n) mechanics', carriers', workmen's, repairmen's or other like liens, in each case, arising or incurred in the Ordinary Course of Business and which are not yet due and payable.

"Person" means a natural person or any legal, commercial or governmental entity, including any Governmental Authority, such as, but not limited to, a corporation, general partnership, joint venture, limited partnership, limited liability company, trust, business association, group acting in concert, or any person acting in a representative capacity.

"PPP Loan" means that certain Promissory Note Loan No. 33000535245 dated as of April 17, 2020, by and between GIF1 and Hancock Whitney Bank, in the principal amount of \$10,000,000 issued pursuant to the United States Paycheck Protection Program, and any other Liabilities of Sellers or their Affiliates under or related to the United States Paycheck Protection Program.

"Remedial Action" means any action to (a) clean up, remediate, remove, treat or handle in any other way Hazardous Substances in the environment, (b) prevent the release of Hazardous Substances so that they do not migrate, endanger or threaten to endanger public health or the environment, or (c) perform remedial investigations, feasibility studies, corrective actions, closures and post-remedial or post-closure studies, investigations, operations, maintenance and monitoring.

"Schedules" means the Schedules so marked, copies of which have been delivered simultaneously with this Agreement. Such Schedules are incorporated by reference in this Agreement and made a part of this Agreement, and they may be referred to in this Agreement and any other related instrument or document without being attached to such related instrument or document.

"Tax" means any federal, state, county, local, or foreign taxes, charges, fees, levies, imposts, duties or other assessments, including income, gross receipts, excise, employment, sales, use, transfer, recording license, payroll, franchise, severance, documentary, stamp, occupation, unclaimed property, escheat, windfall profits, environmental, federal highway use, commercial rent, customs duties, capital stock, paid-up capital, profits, withholding, Social Security, single business, unemployment, disability, real property, personal property, registration, ad valorem, value added, alternative or add-on minimum, estimated, or other tax or governmental fee of any

kind whatsoever, imposed or required to be withheld by the United States or any state, county, local or foreign government or subdivision or agency thereof, whether disputed or not, including any interest, penalties, and additions imposed thereon or with respect thereto, and including any liability for Taxes of another Person pursuant to a contract, as a transferee or successor, under Treasury Regulation Section 1.1502-6 or analogous state, local or foreign law or otherwise.

“Tax Return” means returns, reports, estimates, declarations, statements and any other documents of any nature relating to, or required to be filed in connection with, any Taxes (including any elections, declarations, schedules or attachments thereto, and any amendments thereof), including any information return, claim for refund, amended return or declaration of estimated Tax, and including, where permitted or required, combined, consolidated or unitary returns for any group of entities that includes Seller or any of its Affiliates.

“TXDOT Contract” means Contract No. 07193214 dated August 15, 2019 between GIF1 and the Texas Department of Transportation.

“WARN Act” means the federal Worker Adjustment and Retraining Notification Act of 1988, and similar state, local and foreign laws related to plant closings, relocations, mass layoffs and employment losses.

Section 7.2 Additional Defined Terms

(i) . For purposes of this Agreement and the other Acquisition Documents, the following terms have the meanings specified in the indicated Section of this Agreement:

Term	Section
Acquisition	Recitals
Adjustment Amount	1.8(b)
Adjustment Notice	1.9(a)
Aggregate Navy Payment Amount	1.6(a)
Agreement	Preamble
Assets	1.1(c)(iii)
Assignment and Novation Agreements	1.12(a)(viii)
Assumed Contracts	1.1(b)(i)
Assumed Contracts Liabilities	1.3(c)
Assumed Liabilities	1.3
Assumed Tax Liabilities	1.3(d)
Assumed WARN Act Liabilities	1.3(e)
Basket	5.5(a)
Beneficiary	1.13(b)
Beneficial Rights	4.10(c)
Benefit Programs	2.10(a)
BHS	Preamble
Bill of Sale	1.12(a)(ii)
BSL	Preamble
Business Employee	4.6(a)
Business Goodwill	1.1(c)(iii)
Business Permits	4.10(a)

Cash Consideration	1.5
Claim Notice	5.4(a)
Closing	1.11
Closing Date	1.11
Dispute Notice	1.9(b)(ii)
Disputed Items	1.9(d)
EA Requests	4.11
Effective Date	Preamble
Employees	2.9(a)
Estimated Closing Adjustment	1.8(a)
Excluded Assets	1.2
Excluded Environmental Liabilities	1.4(j)
Excluded IP	1.1(c)(i)
Excluded Liabilities	1.4
Facilitating Transfer	1.6(a)
Final Purchase Price	1.9(h)
Fundamental Representations	5.1
GI	Preamble
GIFI	Preamble
GIS	Preamble
GIS Assets	1.1(b)
Hire Date	4.6(a)
Hornbeck/NC/TX IP	1.1(c)(i)
Indemnified Party	5.4(a)
Indemnifying Party	5.4(a)
Independent Accounting Firm	1.9(d)
Independent Contractors	2.9(a)
Intrusive Tests	5.5(d)(i)
Lease Agreement	1.12(a)(vii)
Lift Equipment	1.1(b)(iii)
Navy Contract	1.1(b)(i)
Navy Mod	1.6(a)
Navy Overage Amount	1.6(b)
OSU Contract	1.1(b)(i)
Other Information	6.13(b)
Owned Real Property	1.1(a)
Partial Navy Payment	1.6(a)
Payee	1.13(b)
Payor	1.13(b)
Performance Bonds	1.12(b)(viii)
Permitted Exceptions	4.7(b)
Personal Property	1.1(b)(ii)
Post-Closing Navy Payment	1.6(d)
Post-Closing Purchased IP	4.14(a)
Pre-Closing Collected Amount	1.6(c)
Proration Items	1.13(a)

Purchase Price	1.5
Purchased IP	1.1(c)(ii)
Purchaser Indemnified Parties	5.2
Purchasers	Preamble
Purchasers' Navy Payment Amount	1.6(b)
Quitclaim Deed	1.12(a)(xi)
Recipient	1.13(b)
Restricted Area	4.7(d)(ii)
Restricted Parties	4.3
Restricted Period	4.7(d)(i)
Secondment	4.6(e)
Secondment Expenses	4.6(e)
Secondment Period	4.6(e)
Sellers	Preamble
Seller Construction Contracts	1.1(b)(i)
Sellers' Additional Navy Payment Amount	1.5
Shared Permits	4.10(b)
Shared Permits Agreement	1.12(a)(ix)
Shipyards Business	Recitals
Specified Excluded Contracts	1.2(a)
Title Insurance Policy	4.13
Third-Party Claim	5.4(a)
Transfer Taxes	4.2
Transferability Impediments	1.1(c)(i)
TSA	1.12(a)(vi)
Vacation Expenses	4.6(b)

Section 7.3

Construction

. Any reference in this Agreement to an "Article," "Section," "Exhibit" or "Schedule" refers to the corresponding Article, Section, Exhibit or Schedule of or to this Agreement, unless the context indicates otherwise. The table of contents and the headings of Articles and Sections are provided for convenience only and are not intended to affect the construction or interpretation of this Agreement. Whenever used in this Agreement, except as otherwise expressly provided or unless the context otherwise requires, any noun or pronoun shall be deemed to include the plural as well as the singular and to cover all genders, the terms "include" and "including" shall be inclusive and not exclusive and, to the extent not already followed by the words "without limitation" or "but not limited to," shall be deemed to be followed by the words "without limitation," and the term "or" shall not be exclusive and shall be read to mean "and/or." Unless otherwise specified, the terms "hereof," "herein," "hereunder," "herewith" and similar terms refer to this Agreement as a whole (including the Schedules and Exhibits to this Agreement), and references herein to Sections and Articles refer to sections and articles of this Agreement. Where this Agreement states that a party "shall," "will" or "must" perform in some manner or otherwise act or omit to act, it means that the party is obligated to do so in accordance with this Agreement. Any reference to a statute is deemed also to refer to any amendments or successor legislation as in effect at the relevant time. Any reference to a contract, agreement or other document as of a given date means the contract, agreement or other document as amended, supplemented and modified from time to time through such date. As used in this Agreement and to the extent Louisiana law applies: the terms "real property" and "real estate" shall be deemed to

include immovable property; the term “fee estate” or “fee” shall include full ownership; the term “personal property” shall be deemed to include movable property; the term “tangible property” shall be deemed to include corporeal property; the term “intangible property” shall be deemed to include incorporeal property; the term “easements” shall be deemed to include servitudes; and the term “county” shall be deemed to mean parish.

[Signatures on following page]

IN WITNESS WHEREOF, each of the parties has caused this Agreement to be executed on its behalf as of the day and year first above written.

PURCHASERS:

BOLLINGER HOUMA SHIPYARDS, L.L.C.

By: /s/ Benjamin G. Bordelon
Name: Benjamin G. Bordelon
Title: Authorized Agent

BOLLINGER SHIPYARDS LOCKPORT, L.L.C.

By: /s/ Benjamin G. Bordelon
Name: Benjamin G. Bordelon
Title: Authorized Agent

SELLERS:

GULF ISLAND FABRICATION, INC.

By: /s/ Richard Heo
Name: Richard Heo
Title: CEO

GULF ISLAND, L.L.C.

Name: Richard Heo
Title: CEO

By: /s/ Richard Heo

GULF ISLAND SHIPYARDS, LLC

Name: Richard Heo
Title: CEO

By: /s/ Richard Heo

[Signature Page to Asset Purchase Agreement]

EXHIBIT A

Form of TSA

[intentionally omitted pursuant to Item 602(b)(2) of Regulation S-K]

[Exhibit A to Asset Purchase Agreement]

EXHIBIT B

Form of Lease Agreement

[intentionally omitted pursuant to Item 602(b)(2) of Regulation S-K]

[Exhibit B to Asset Purchase Agreement]

EXHIBIT C

Form of Shared Permits Agreement

[intentionally omitted pursuant to Item 602(b)(2) of Regulation S-K]

[Exhibit C to Asset Purchase Agreement]

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (this "Agreement") is entered into as of April 16, 2021 (the "Effective Date"), by and between Gulf Island Fabrication, Inc., a Louisiana corporation (the "Company") and Christian G. Vaccari ("Employee") (collectively the "Parties").

In consideration of the respective agreements of the Company and Employee set forth below and other good and valuable consideration, the Company and Employee agree as follows:

1. **Employment.** The Company shall employ Employee upon the terms and conditions set forth in this Agreement, which terms and conditions shall be effective as of the Effective Date.

2. **Term of Employment.** This Agreement shall commence on the Effective Date and shall continue until April 15, 2022 (the "Employment Term"). Employee's employment will terminate on April 15, 2022, unless terminated by either party at an earlier date.

3. **Position and Duties.**

(a) During the Employment Term, Employee will work remotely and will serve as "Consultant." Employee will be a W-2 employee of the Company and will report directly to the Company's President and Chief Executive Officer ("CEO"). Employee will provide needed services and support for Hornbeck, assist with the shutdown of facilities in Jennings and Lake Charles, and perform other duties and responsibilities, all given to him during the Employment Term by the President and CEO.

(b) During the Employment Term, Employee shall serve the Company faithfully and to the best of his ability in a diligent, trustworthy and professional manner and shall devote his business time, attention and efforts to the business of the Company. During the Employment Term, Employee shall not serve as an employee, consultant, officer or director of, or otherwise perform services for compensation for, any other person or entity without the prior written consent of the President and CEO, which consent will not be unreasonably withheld. Notwithstanding the foregoing, Employee may participate in charitable and personal investment activities, so long as any such activities or services do not interfere with the performance of Employee's duties and responsibilities hereunder or otherwise violate the provisions hereof.

4. **Compensation.**

(a) During the Employment Term, Employee shall receive an annual base salary of \$167,500 ("Base Salary"). This Base Salary shall be paid in accordance with the Company's normal payroll policies and procedures.

(b) During the Employment Term, Employee shall be entitled to participate in all employee health and welfare benefit plans and programs of the Company for which employees of the Company are generally eligible in accordance with the terms thereof. The Company provides no assurance as to the adoption or continuance of any particular employee benefit plan or program, and Employee's participation in any such plan or program shall be subject to the provisions, rules and regulations applicable thereto.

(c) The Company shall reimburse Employee for all reasonable and necessary out-of-pocket business expenses incurred by him during the Employment Term in the performance of his duties and responsibilities hereunder, consistent with the Company's policies in effect from

time to time with respect to travel, entertainment and other business expenses and subject to the Company's normal policies and procedures for expense verification and documentation.

(d) Employee has twenty-two days of accrued and unused vacation which must be used prior to December 31, 2021, or they will be lost. These vacation days will not roll over to 2022. Employee shall not earn or be entitled to any additional vacation in 2022.

5. **Confidential Information.**

(a) Employee understands that during the course of his employment relationship with the Company and his new position as Consultant, Employee has and will continue to have access to valuable information relating to the business and operations of the Company that is non-public, confidential, proprietary, and/or trade secret in nature and would be particularly valuable to the Company's competitors, and that the Company desires and makes efforts to safeguard the confidentiality of all such information. For purposes of this Agreement, "**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 that is not generally known to persons engaged in businesses similar to those conducted or contemplated by the Company, whether produced by the Company or any of its consultants, agents or independent contractors or by Employee, and whether or not marked confidential, including, without limitation, information relating to the Company's salary information, benefit information, any special employment arrangements, personnel issues, financial matters, cash position, any plans that management may have concerning the operations of the Company in general or any specific department, any and all information regarding products and services, business plans, manuals, works of authorship, service techniques, processes, research and development methods or techniques, operating procedures, trade secrets, purchasing methods or practices, employment or personnel data, marketing strategies or techniques, financial information, employee lists, customer lists, vendor lists, and internal notes and memoranda relating to any of the foregoing provided, however, that the term "Confidential Information" shall exclude (i) any information, knowledge or data which is publicly available from widely circulated information (unless such information has become publicly available due to Employee's breach of his obligations under this Agreement) or was acquired prior to employment with the Company and (ii) information, knowledge or data provided to Employee by a third person who, by the provision of such information, knowledge or data, is not violating his own duty of confidentiality to the Company. This applies to all matters discussed in monthly sales meetings, annual review meetings, personnel meetings, and any other meetings where confidential or sensitive information is discussed.

(b) Employee agrees that during and after the termination of Employee's employment relationship with the Company, Employee will not communicate, divulge, or make available to any person or entity (other than the Company, its customers, or other entities or persons expressly authorized by the Company to receive such information) any of the aforementioned Confidential Information except upon the prior written authorization of the Company or as may be required by law or legal process. Employee further agrees that upon the termination of Employee's employment relationship, Employee will deliver promptly to the Company any such information in Employee's possession (whether in electronic or hard copy form), including any duplicates thereof and any notes or other records Employee has prepared with respect thereto. If the provisions of any applicable law or the order of any court would require Employee to disclose

or otherwise make available any such information, Employee shall provide the Company with prompt prior written notice of such required disclosure and a reasonable opportunity to contest the requirement of such disclosure or apply for a protective order with respect to such information through the appropriate proceedings. Employee also acknowledges and agrees that he is not authorized to access any Company information for any purpose other than furthering the business interests of the Company and Confidential Information shall not be forwarded to personal email addresses or third parties without the express written consent of the Company. Employee also is not authorized to delete any such Confidential Information, Work Product (as defined below) or the business information of the Company (including all acquisition prospects, lists and contact information) prior to his termination.

(c) Employee may have certain rights under the Defend Trade Secrets Act of 2016, Pub. L. 114-153. An individual shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret that: (A) is made (i) in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. An individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual: (X) files any document containing the trade secret under seal; and (Y) does not disclose the trade secret, except pursuant to court order.

(d) Employee acknowledges and agrees that the Company owns all right, title, and interest in and to all Work Product (as defined below). Employee hereby assigns to the Company all right, title, and interest in and to all discoveries, concepts, ideas, inventions, innovations, improvements, developments, methods, processes, programs, designs, analyses, drawings, reports, patents, patent applications, all other proprietary information, and all similar or related information (in each case whether or not patentable or reduced to practice), all copyrights and copyrightable works, all trade secrets, Confidential Information, and know-how, and all other intellectual property rights that both (i) are conceived, reduced to practice, developed, or made by Employee while employed or engaged by or on behalf of the Company, and (ii) either (a) relate to the Company's actual or anticipated business, research and development, or existing or future products or services, (b) are conceived, developed, contributed to, made, or reduced to practice by Employee (either solely or jointly with others) while providing services to the Company (including any intellectual property rights), or (c) results from any work performed by Employee for the Company ("Work Product"). Any copyrightable work prepared in whole or in part by Employee in the course of Employee's service to the Company shall be deemed a "work made for hire" under applicable copyright laws, and the Company shall own all right, title, and interest therein and thereto, including all intellectual property rights. To the extent that any such copyrightable work is not a "work made for hire," Employee hereby assigns to the Company all right, title, and interest in and to such copyrightable work, including all intellectual property rights. Upon request of the President and CEO, Employee shall promptly disclose such Work Product to the President and CEO and perform all actions reasonably requested by the President and CEO (whether during or after Employee's employment) to establish and/or confirm the Company's ownership of the Work Product (including executing and delivering assignments, consents, powers of attorney, applications and other instruments and providing testimony).

(e) Employee understands that the Company will receive from third parties confidential or proprietary information ("Third Party Information") subject to a duty on the Company's part to maintain the confidentiality of such information and to use it only for certain limited purposes. Without in any way limiting the provisions of this Section 5, Employee will hold Third Party Information in the strictest confidence and will not disclose Third Party Information to anyone (other than personnel and consultants of the Company who need to know such information in connection with their work for the Company) or use, except in connection with Employee's service to the Company, Third Party Information unless expressly authorized by the President and CEO in writing. Employee shall not have the right to access any Third Party Information for any reason other than the furtherance of the Company's business.

6. **Noncompetition and Nonsolicitation.**

(a) Employee understands and agrees that the Company has recently sold its shipyard business to Bollinger Houma Shipyards LLC, said business defined as: (a) fabricating newbuild marine vessels, (b) providing marine repair and maintenance services, and (c) performing marine vessel conversion projects to permit such vessel's use for a different type of activity or enhance its capacity or functionality. Attachment "A" contains the restrictive covenants contained in the Asset Purchase Agreement that bind the Company per the terms therein. Employee acknowledges and agrees that he will abide by the restrictive covenants contained in Attachment "A" during the Employment Term, and that any failure to do so will result in Employee's immediate termination.

7. **Termination of Employment.** Employee's employment with the Company shall terminate upon the date (the "Termination Date") which is the earliest to occur of: (i) the date of the Company's termination of Employee's employment during the Employment Term at the direction of the President and CEO with or without Cause; (ii) the date of Employee's resignation from the Company; (iii) the date of Employee's death or disqualifying disability (as defined under the Americans with Disabilities Act); or (iv) termination occurring at the expiration of the Employment Term. Except as otherwise provided herein, any termination of employment by the Company shall be effective as specified in a written notice from the President and CEO to Employee.

8. **Payments upon Termination of Employment.**

(a) In the event that Employee's employment with the Company is terminated without Cause (as defined below) prior to the expiration of the Employment Term, then Employee shall be entitled to receive the equivalent of his then Base Salary through the expiration of the Employment Term (the "Severance Period"), per the requirements of Section 9.

(b) If Employee's employment with the Company terminates during the Employment Term for any reason other than as a result of Employee's termination without Cause, then Employee shall only be entitled to receive Employee's Base Salary through the Termination Date and reimbursement for business expenses incurred prior to the Termination Date and shall not be entitled to any other salary, compensation or benefits from the Company thereafter, except as otherwise specifically provided for under the Company's employee benefit plans or as otherwise expressly required hereunder or by applicable law.

(c) The Company may terminate Employee's employment for Cause during the Employment Term. For purposes of this Agreement, the President and CEO shall have "Cause" to terminate Employee's employment hereunder upon Employee's:

- (i) failure to abide by reasonable rules and regulations governing the transaction of business of the Company as determined solely by the President and CEO;
- (ii) commission of acts within employment with the Company amounting to gross negligence or intentional misconduct;
- (iii) misappropriation of funds or property of the Company or committing any fraud against the Company or against any other person or entity in the course of providing services to the Company;
- (iv) breach of any fiduciary duty or otherwise obtaining personal profit or benefit from any transaction which is adverse to the interests of the Company or to the protection or benefits of which the Company is entitled;
- (v) commission of a felony or other crime involving moral turpitude; and/or
- (vi) material violation of any term of this Agreement.

(d) The Parties agree that Employee's 33,334 unvested restricted stock units will vest on March 8, 2022 regardless of Employee's employment status.

9. **Compliance; Release; Payment Terms.** Notwithstanding anything to the contrary set forth in this Agreement, the Company shall not be obligated to make any payments to Employee under Section 8 hereof unless Employee shall have signed a customary general release in favor of the Company, all applicable consideration periods and rescission periods provided by law shall have expired, and Employee has not committed a suspected breach of the terms of Section 5, 6, 10 and 11 hereof as of the dates of the payments.

10. **Return of Records and Property.** Upon termination of his employment with the Company for any or no reason, Employee shall promptly deliver to the Company any and all Company records and any and all Company property in his possession or under his control, including, without limitation, manuals, books, blank forms, documents, letters, memoranda, notes, notebooks, reports, printouts, computer disks, computer tapes, source codes, data, tables or calculations and all copies thereof, documents that in whole or in part contain any trade secrets or confidential, proprietary or other secret information of the Company and all copies thereof, and keys, access cards, access codes, passwords, credit cards, personal computers, telephones and other electronic equipment belonging to the Company or the Company.

11. **Employee's Cooperation.** During Employee's employment and thereafter, Employee shall cooperate with the Company in any internal investigation, any administrative, regulatory or judicial investigation or proceeding or any dispute with a third party as reasonably requested by the Company (including, without limitation, Employee being available to the Company upon reasonable notice for interviews and factual investigations, appearing at the Company's request to give testimony without requiring service of a subpoena or other legal process, volunteering to the Company all pertinent information and turning over to the Company all relevant documents which are or may come into Employee's possession, all at times and on schedules that are reasonably consistent with Employee's other permitted activities and commitments). In the event the Company requires Employee's cooperation in accordance with this Section 11, the Company, as applicable, shall reimburse Employee solely for reasonable travel expenses (including lodging and meals) upon submission of receipts.

12. Miscellaneous.

(a) Except as provided in this Section 12, all matters relating to the interpretation, construction, application, validity and enforcement of this Agreement shall be governed by the laws of the State of Louisiana.

(b) This Agreement contains the entire agreement of the parties relating to the subject matter of this Agreement and supersedes all prior agreements and understandings with respect to such subject matter, and the parties hereto have made no agreements, representations or warranties relating to the subject matter of this Agreement that are not set forth herein.

(c) No amendment or modification of this Agreement shall be deemed effective unless made in writing and executed and delivered by Employee and the Company.

(d) No term or condition of this Agreement shall be deemed to have been waived, except by a statement in writing signed by the party against whom enforcement of the waiver is sought. Any written waiver shall not be deemed a continuing waiver unless specifically stated, shall operate only as to the specific term or condition waived and shall not constitute a waiver of such term or condition for the future or as to any act other than that specifically waived.

(e) This Agreement shall not be assignable, in whole or in part, by either party without the prior written consent of the other party, except as provided herein. The Company may, without the consent of Employee, assign and/or transfer its rights and obligations under this Agreement to any corporation or other business entity to which the Company may sell or transfer all or substantially all of its assets, provided that such assignee or transferee assumes the Company's obligations hereunder in writing. After any such assignment by the Company, the Company shall be discharged from all further liability hereunder and such assignee shall thereafter be deemed to be the "Company" for purposes of all terms and conditions of this Agreement, including this Section 12.

(f) This Agreement may be executed in any number of counterparts, and such counterparts executed and delivered, each as an original, shall constitute one and the same instrument.

(g) The captions and section headings used in this Agreement are for convenience of reference only and shall not affect the construction or interpretation of this Agreement or any of the provisions hereof.

(h) The Company shall be entitled to deduct or withhold from any amounts owing from the Company to Employee any federal, state, local or foreign withholding taxes, excise tax, or employment taxes imposed with respect to Employee's compensation or other payments from the Company (including, without limitation, wages and bonuses).

IN WITNESS WHEREOF, Employee and the Company have executed this Employment Agreement as of the date set forth in the first paragraph.

GULF ISLAND FABRICATION, INC.

By: /s/ Richard W. Heo
Printed Name: Richard W. Heo
Title: President and CEO

/s/ Christian G. Vaccari
Christian G. Vaccari

Section 4.7 Restrictive Covenants

Sellers acknowledge that to induce Purchasers to enter into the transactions contemplated by this Agreement, Sellers must agree to certain restrictive covenants relating to the conduct of their business after the Closing. Sellers further acknowledge that the Business is in a highly technical, competitive, and specialized industry, and that the customer and employee relationships are significant to the operation of the Business and provide it with a competitive advantage.

(a) During the Restricted Period, Sellers agree that that they will not directly or indirectly, for their own benefit or on behalf of another Person or to the Purchaser's detriment:

- (i) Solicit any of the Business Employees unless (x) Purchasers provide written consent, (y) Purchasers terminated the employment of any such Business Employee, or (z) such Business Employees' daily duties are to occur outside the Restricted Area;
- (ii) Solicit or divert, or attempt to divert, any customer or vendor (existing or prospective) for the construction, creation, repair, conversion or manufacture of any marine vessel during the Restricted Period and the twelve months prior to the Restricted Period, or to induce such party to terminate or cancel an arrangement or contract with any Purchaser.

(b) Sellers further agree, that within the Restricted Area during the Restricted Period, none of them will carry on or engage in, whether as an owner, manager, director, officer, partner, consultant, shareholder, member, agent, advisor, or in any other capacity, the design, construction, creation or manufacturing of marine vessels. Sellers further agree that none of them will create or acquire any new corporate entity to engage in conduct that would be a breach of this section if Sellers engaged in such conduct. Notwithstanding the foregoing, the completion of any vessel(s) under construction pursuant to the Specified Excluded Contracts; and any Seller's exercise of a right under a Specified Excluded Contract shall not be considered a violation of this provision (collectively, the "Permitted Exceptions").

(c) The parties agree that each of the restrictions set forth in this Agreement is reasonable in business description, time, and geographic scope. The parties further agree that should a court determine that any restriction in this Agreement is unenforceable, such reformed restriction shall be deemed reformed to the minimum extent necessary to provide for its enforcement under applicable law. The parties further agree that each of the restrictions set forth in this Agreement constitutes a separate restriction.

(d) For purposes of this Section 4.7, the following terms shall have the meaning set forth below:

- (i) "Restricted Period" shall mean the two-year period following the Closing Date.
- (ii) "Restricted Area" shall mean Terrebonne Parish, St. Mary Parish and Lafourche Parish of the State of Louisiana.

Attachment "A"

(e) In the event any restriction (including any of the Restricted Areas) of this Section 4.7 is deemed by a court of competent jurisdiction (pursuant to Section 8.10) to be overly broad, such restriction shall be stricken from this Section 4.7 without affecting the enforceability of the remaining provisions. In the event the entire restriction is deemed unenforceable by a court of competent jurisdiction, Section 4.7 in its entirety shall be considered stricken from this Agreement.

*Certain identified information has been excluded from this exhibit because it is both not material and is the type that the registrant treats as private or confidential. Information that was omitted has been noted in this document with a placeholder identified by the mark "[***]"*.

RESTRICTIVE COVENANT REGARDING RESTRICTED PAYMENTS

This Restrictive Covenant Regarding Restrictive Payments ("Covenant") is effective as of April 19, 2021 (the "Effective Date") by and between:

- (1) Gulf Island Fabrication, Inc., a corporation organized and existing under the laws of the State of Louisiana, 567 Thompson Road, Houma, Louisiana 70363 ("GIFI");
- (2) Gulf Island, L.L.C., a limited liability company organized and existing under the laws of the State of Louisiana, 567 Thompson Road, Houma, Louisiana 70363 ("GI");
- (3) Gulf Island Shipyards, L.L.C., a limited liability company organized and existing under the laws of the State of Louisiana, 567 Thompson Road, Houma, Louisiana 70363 ("GIS" and, together with GIFI and GI, "Gulf Island");
- (4) Fidelity and Deposit Company of Maryland, a corporation organized and existing under the laws of the State of Maryland, 600 Red Brook Blvd., 4th Floor, Owings Mills, Maryland 21117 ("F&D"); and
- (5) Zurich American Insurance Company, a corporation organized and existing under the laws of the State of Illinois, 1299 Zurich Way, Schaumburg, Illinois 60196 ("Zurich" and, together with F&D, "Sureties").

The foregoing parties may be collectively referred to herein as the "Parties."

Recitals

WHEREAS, The Sureties issued the following surety bonds:

Type of Bond	Bond No.	Principal	Obligee	Surety	Penal Sum
Payment	PRF9191876	GIS	[***]	F&D and Zurich	\$[***]
Performance	PRF9191876	GIS	[***]	F&D and Zurich	\$[***]

Payment	PRF9191877	GIS	[***]	F&D and Zurich	\$[***]
Performance	PRF9191877	GIS	[***]	F&D and Zurich	\$[***]
Payment	PRF9290706	GIS	[***]	F&D	\$[***]
Performance	PRF9290706	GIS	[***]	F&D	\$[***]

The surety bonds described in this paragraph shall be collectively referred to as “the Bonds.”

WHEREAS, Gulf Island and various Subsidiaries of Gulf Island executed certain General Indemnity Agreements in favor of the Sureties, including but not limited to General Indemnity Agreements with effective dates of October 15, 2007, June 21, 2010, December 15, 2015, and May 1, 2018 (collectively, the “GIAs”),

WHEREAS, Gulf Island intends to enter into an Asset Purchase Agreement with Bollinger Houma Shipyards, L.L.C. and Bollinger Shipyards Lockport, L.L.C. collectively, “Bollinger”) for the sale of various assets related to Gulf Island’s shipbuilding operations.

Consistent with the agreements and undertakings made by Gulf Island in the GIAs, Gulf Island agrees as follows:

Agreements

1. **Effectiveness of the Covenant.** This Covenant shall be effective as of the Effective Date and shall not terminate until all of the following conditions have been fulfilled:
 - a. The Sureties’ liability under all of the Bonds have been expressly discharged; and
 - b. In the event of an adverse judgment against GIS, F&D, Zurich or any or all of them in connection with litigation arising out of or related to the Bonds, such judgment has been expressly satisfied by Gulf Island to the satisfaction of the judgment creditor; and
 - c. There is no pending litigation related to any claims asserted by the Sureties against Gulf Island arising out of or related to the Bonds or the GIAs.
2. **Defined Terms.** As used in this Covenant, the following terms have, the meanings specified below:

- a. “Control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. “*Controlling*” and “*Controlled*” have meanings correlative thereto.
- b. “Equity Interests” means shares of capital stock, partnership interests, membership interests in a limited liability company, beneficial interests in a trust or other equity ownership interests in a corporation, limited liability company, trust, joint venture, association, company or partnership, and any warrants, options or other rights entitling the holder thereof to purchase or acquire any such equity interest.
- c. “Indemnitors” means GIFI; GI; GIS; Gulf Island EPC, LLC, a Louisiana limited liability company; Gulf Island Services, L.L.C, a Louisiana limited liability company; Gulf Island Works, LLC, a Louisiana limited liability company; Gulf Island Marine Fabricators, L.L.C., a Louisiana limited liability company; and Southport, L.L.C., a Louisiana limited liability company
- d. “Restricted Payments” means any dividend or other distribution (whether in cash, securities or other property) with respect to any Equity Interests in Gulf Island or any Subsidiary. Restricted Payments include, but are not limited to any payment (whether in cash, securities or other property), including any sinking fund or similar deposit, on account of the purchase, redemption, retirement, acquisition, cancellation or termination of any such Equity Interests in Gulf Island or any Subsidiary or any option, warrant or other right to acquire any such Equity Interests in Gulf Island or any Subsidiary.
- e. “Subsidiary” means, with respect to Gulf Island at any date, any corporation, limited liability company, partnership, association or other entity the accounts of which would be consolidated with those of the parent in the parent’s consolidated financial statements if such financial statements were prepared in accordance with GAAP as of such date, as well as any other corporation, limited liability company, partnership, association or other entity (a) of which securities or other ownership interests representing more than 50% of the equity or more than 50% of the ordinary voting power or, in the case of a partnership, more than 50% of the general partnership interests are, as of such date, owned, controlled or held, or (b) that is, as of such date, otherwise Controlled, by the parent or one or more subsidiaries of the parent or by the parent and one or more subsidiaries of the parent.

3. **Restricted Payments.** As of the Effective Date and until the termination of this Covenant, Gulf Island will not, and will not permit its Subsidiaries to, declare or

make, or agree to pay or make, directly or indirectly, any Restricted Payment other than:

- a. each Subsidiary of GIFI may make Restricted Payments to GIFI and/or any Indemnitor;
- b. GIFI and each Subsidiary of GIFI may declare and make dividend payments which are solely in the form of Equity Interests of such entity; and
- c. GIFI may make Restricted Payments with the net cash proceeds from any substantially concurrent sale or issuance of Equity Interests of GIFI.

4. **Representations and Warranties.** Gulf Island represents and warrants to the Sureties the following:

- a. This Covenant is within Gulf Island's corporate power and has been duly authorized by all necessary corporate action. This Covenant has been duly executed and delivered by Gulf Island and constitutes a legal, valid and binding obligation of Gulf Island, enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered, in a proceeding, in equity or at law.
- b. As of the Effective Date, Gulf Island and their Subsidiaries are not obligated to declare or make, or agree to pay or make, directly or indirectly, any Restricted Payment.

5. **Enforcement.** The Parties agree that monetary damages would not be a sufficient remedy for a breach of this Covenant and that the Sureties shall be entitled to injunctive relief or other equitable relief to remedy or prevent any breach or threatened breach of this Covenant by Gulf Island, which remedy shall not be the exclusive remedy for any such breach, but shall be in addition to all other rights and remedies available at law or in equity.

6. **Dispute.** In the event the Sureties take any action to enforce the terms of this Covenant, Gulf Island shall be liable for all of the Sureties' costs incurred therein including, but not limited to, attorneys' fees, expenses and court costs.

7. **Binding Effect.** The covenants and conditions contained in this Covenant shall apply to and bind the Parties and their heirs, legal representatives, successors and permitted assigns.

8. **Governing Law.** This Covenant shall be governed by and construed in accordance with the laws of the State of Louisiana, not including its conflict of laws rules that would refer to the laws of another jurisdiction.
9. **Counterparts.** This Covenant may be executed in any number of counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same document. In the event that any signature hereof is delivered by facsimile transmission or by e-mail as an attached, scanned document such signature shall create a valid and binding obligation of the Party or Other Party executing the same with the same force and effect as if such e-mailed or facsimile signature page were an original thereof.

IN WITNESS WHEREOF, the authorized representatives of the Parties have caused this Assignment to be executed effective as of the Effective Date.

Gulf Island Fabrication, Inc.:By: /s/ Richard W. Heo Printed Name: Richard W. HeoIts: President and Chief Executive Officer

Gulf Island, L.L.C.:By: /s/ Richard W. Heo Printed Name: Richard W. HeoIts: President and Chief Executive Officer

Gulf Island Shipyards, L.L.C.:By: /s/ Richard W. Heo Printed Name: Richard W. HeoIts: President and Chief Executive Officer

Fidelity and Deposit Company of Maryland:By: /s/Tina KochePrinted Name: Tina KocheIts:Surety Claims Professional

[Signature Page to Restrictive Covenant re: restrictive payments]

Zurich American Insurance Company:

By: /s/Tina Koche

Printed Name: Tina Koche

Its: Surety Claims Professional

[Signature Page to Restrictive Covenant re: restrictive payments]

MULTIPLE INDEBTEDNESS MORTGAGE

Mortgagee: Zurich American Insurance Company and Fidelity & Deposit Company of Maryland

Mortgagor: Gulf Island, L.L.C., a Louisiana limited liability company, and Gulf Island Services, L.L.C. f/k/a Dolphin Services, L.L.C., a Louisiana limited liability company

State: _____
County/ _____
Parish: _____

BE IT KNOWN, that on this ____ day of April, 2021, before me, the undersigned, a Notary Public, duly commissioned and qualified in and for the aforesaid State and County/Parish, and in the presence of the undersigned, competent witnesses, personally came and appeared:

Gulf Island, L.L.C. (Tax ID# ***-**-XXXX), a Louisiana limited liability company domiciled in Terrebonne Parish, Louisiana, with its registered place of business and mailing address being 567 Thompson Road, Houma, LA 70363, represented herein by its undersigned duly authorized officer, authorized pursuant to the certified resolutions attached hereto; and

Gulf Island Services, L.L.C. f/k/a Dolphin Services, L.L.C. (Tax ID# ***-**-XXXX), a Louisiana limited liability company domiciled in Terrebonne Parish, Louisiana, with its registered place of business and mailing address being 400 Thompson Road, Houma, LA 70363, represented herein by its undersigned duly authorized officer, authorized pursuant to the certified resolutions attached hereto;

WHO DECLARED THAT:

Definitions. Certain terms are defined elsewhere in this Mortgage. In addition, the following terms shall have the following meanings when used in this Mortgage:

Indemnitors. The term “Indemnitors” shall mean Gulf Island Fabrication, Inc., a Louisiana corporation; Gulf Island EPC, LLC, a Louisiana limited liability company; Gulf Island, L.L.C., a Louisiana limited liability company; Gulf Island Shipyards, LLC, a Louisiana limited liability company; Gulf Island Services, L.L.C, a Louisiana limited liability company; and Gulf Island Works, LLC, a Louisiana limited liability company.

Mortgage Amount. The term “Mortgage Amount” shall mean the sum of \$50,000,000.00.

Mortgagor. The term “Mortgagor” shall mean collectively Gulf Island, L.L.C, a Louisiana limited liability company; and Gulf Island Services, L.L.C. f/k/a Dolphin Services, L.L.C., a Louisiana limited liability company.

Mortgage. The term “Mortgage” shall mean this Mortgage and any schedules, amendments, or supplements thereto.

Mortgagee. The term “Mortgagee” shall mean collectively Zurich American Insurance Company and Fidelity & Deposit Company of Maryland.

Obligations. The term “Obligations” shall mean any and all obligations and liabilities of the Indemnitors and/or Mortgagor to Mortgagee, as expressed in the General Indemnity Agreements executed by any or all of the Indemnitors and Mortgagor in favor of Mortgagee with effective dates of October 15, 2007, June 21, 2010, December 15, 2015, and May 1, 2018 (“General Indemnity Agreements”) and/or any and all obligations and liabilities

arising under or in connection with any surety bonds issued by Mortgagee that name any of the Indemnitors or Mortgagor as principal (“Surety Bonds”).

GRANTING OF MORTGAGE. In order to secure the prompt and punctual satisfaction of the Obligations up to the Mortgage Amount, Mortgagor does by these presents specially mortgage, pledge, affect, and hypothecate unto and in favor of Mortgagee the properties described on **Schedule A** annexed hereto (“Premises”), together with all component parts, buildings, constructions, and improvements now or hereafter existing on the Premises, all appurtenances, attachments, rights, ways, privileges, servitudes, advantages, batture and batture rights now or hereafter belonging or in any wise appertaining to the Premises, affecting the Premises, or forming part of, attached to, or connected with the Premises or used in connection with the Premises. The Premises and all other property described above are hereafter referred to as the “Mortgaged Property.” The Mortgaged Property is to remain mortgaged to Mortgagee until the Obligations are paid and/or performed in full.

ASSIGNMENT OF LEASES AND RENTS. In order to further secure the prompt and punctual payment and satisfaction of the Obligations, Mortgagor does by these presents specially mortgage, pledge, affect, grant a security interest in, and assign unto and in favor of Mortgagee all present and future rents, fruits, revenues, income and profits accruing from time to time from the lease of all or any part of the Mortgaged Property, including, without limitation, rights to rents, royalties, rentals, shut in payments and other payments which are rents or rentals attributable to Mortgagor’s sale, lease or other disposition of Mortgagor’s right to explore or develop mineral rights in the Mortgage Property (collectively, the “Rents”), and all present and future leases of all or any part of the Mortgage Property (“Leases”). Mortgagee shall have full subrogation to Mortgagor’s rights to all Leases and Rents.

Although this instrument creates a present pledge and assignment of and security interest in the Leases and Rents, Mortgagor shall be entitled to collect the Rents until the occurrence of a Default continuing beyond any applicable grace, notice or curative period and then thereafter once Mortgagee sends written notice to Mortgagor at Mortgagor’s address set forth above, whereupon Mortgagee shall have the right to receive and collect the Rents. To the fullest extent permitted by applicable law, Mortgagor hereby irrevocably appoints Mortgagee its agent and attorney-in-fact (coupled with an interest) to demand, sue for, collect, receive, and receipt for Rents, and to exercise all the rights and privileges of Mortgagor under any of the Leases, including, without limitation, the right to fix or modify the amount of Rents, to evict any lessee, tenant or occupant (“Lessee”) from the Mortgaged Property, to relet such property and to do all such things as Mortgagee may deem necessary. Mortgagor hereby irrevocably consents that all Lessees of the Mortgaged Property shall be authorized to pay the Rents directly to Mortgagee upon Mortgagee providing all required notices under this Mortgage and applicable law, upon which the Lessees being hereby expressly relieved of any obligation to Mortgagor with respect to Rents paid to Mortgagee. All Rents collected under this Mortgage shall be applied against the Obligations, in such order and with such priorities as Mortgagee may determine within its sole discretion. Mortgagee shall have no legal or contractual responsibility for the condition of the Mortgaged Property, for any obligation to perform the Leases, or for any dangerous or defective condition of the Mortgaged Property.

REPRESENTATIONS AND WARRANTIES. Mortgagor represents and warrants that (a) Mortgagor lawfully owns and possesses the Mortgaged Property, (b) the Mortgaged Property is registered in the Mortgagor’s name, and (c) there are no mortgages, liens, privileges or encumbrances against the Mortgaged Property and there are no judgments of any court of record against Mortgagor unless specifically listed on any **Schedule B** that may be annexed hereto.

COVENANTS CONCERNING THE MORTGAGED PROPERTY.

(a) So long as this Mortgage remains in effect, if Mortgagor shall receive written notice of a material failure to comply with any laws, ordinances, regulations, covenants, conditions, and restrictions affecting the Mortgaged Property, its use, construction, or maintenance, including, without limitation, all Environmental Laws, from a governmental authority with appropriate

jurisdiction, Mortgagor shall take the appropriate actions specified by the applicable governmental authority to remedy such failure. As used in this Mortgage, “Environmental Laws” shall mean any and all federal, state or local laws, rules, regulations, orders, permits, or ordinances involving the environment including, but without limitation, the Resource Conservation and Recovery Act, 42 U.S.C. 6901 *et seq.*, the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. 9607 *et seq.*, as amended by the Superfund Amendment and Reauthorization Act of 1986, Pub. L. No. 99-499, 100 Stat. 1613 (codified as amended in various sections of 42 U.S.C.), the Hazardous Materials Transportation Act, Pub. L. No. 93-633, 88 Stat. 2156 (codified as amended in various sections of 46 U.S.C.); the Clean Water Act, 33 U.S.C. 1251 *et seq.*, the Clean Air Act, 42 U.S.C. 7401 *et seq.*, the Toxic Substances Control Act, 15 U.S.C. 2601 *et seq.*, Article 2315.3 of the Louisiana Civil Code, Statewide Order 29-B by Office of Conservation, Department of Natural Resources, State of Louisiana, the Louisiana Abandoned Oilfield Waste State Law (La. R.S. 30:71, *et seq.*), and the Louisiana Environmental Quality Act (La. R.S. 30:2001, , *et seq.*), as they now exist or may subsequently be modified, supplemented or amended. Mortgagor warrants, to the best of its knowledge and without duty of inquiry, that neither Mortgagor, any occupant of the Mortgaged Property, nor the Mortgaged Property is subject to any existing, pending, or threatened investigation or inquiry by any governmental authority or to any remedial obligations related to any material violation under any of the Environmental Laws.

(b) Mortgagor shall forever indemnify, defend and hold harmless Mortgagee, its directors, officers, employees and agents from and against all harms, including, without limitation, damages, punitive damages, liabilities, losses, demands, claims, costs, recovery actions, lawsuits, administrative proceedings, orders, response costs, compliance costs, investigation expenses, consultant fees, attorneys fees and litigation expenses, arising from (i) the operation of any of the Environmental Laws related to any material violation thereof by Mortgagor with respect to the Mortgaged Property, and (ii) the violation by Mortgagor, any occupant of the Mortgaged Property, or the Mortgaged Property of any of the Environmental Laws. Mortgagor shall pay all costs and expenses incurred by Mortgagee to enforce provisions of this paragraph, including, without limitation, attorneys’ fees and litigation expenses. The provisions of this paragraph shall survive the cancellation of this Mortgage and shall remain in full force and effect beyond the expiration of any applicable statute of limitations and payment or satisfaction in full of any single claim of Mortgagee within the scope of the provisions of this paragraph. The obligation set forth herein to indemnify, defend, and hold harmless Mortgagee, its directors, officers, employees and agents, and to pay costs and expenses incurred by Mortgagee, shall be secured by this Mortgage to the full extent of Mortgagee’s losses and expenses.

(c) So long as this Mortgage remains in effect, Mortgagor shall (i) take all commercially reasonable measures to observe and abide by the terms of all policies of insurance of Mortgagor affecting the Mortgaged Property or Mortgagor’s use thereof, (ii) keep and maintain the Mortgaged Property in good order, repair and condition similar to the condition of the Mortgaged Property as of the date of this Mortgage, (iii) pay when due all claims for work done on, or services rendered or material furnished in connection with the Mortgaged Property, which Mortgagor is not contesting, (iv) pay when due all taxes, local and special assessments and other governmental charges of every type and description that may from time to time be imposed, assessed or levied against the Mortgaged Property (collectively, “Taxes”); and (v) perform timely all terms and conditions of any mortgage, lien, privilege or encumbrance listed on any Schedule B annexed hereto, for which the failure thereto could have a material adverse effect on the lien of this Mortgage or the value of the Mortgaged Property.

NEGATIVE COVENANTS CONCERNING THE MORTGAGED PROPERTY. So long as this Mortgage remains in effect, Mortgagor shall not (a) sell or transfer the Mortgaged Property, (b) abandon, permit others to abandon, commit waste of, or destroy the Mortgaged Property, except during required evacuations for weather events, pandemics or other similar occurrences, (c) demolish and remove any building(s) on the Mortgaged Property with a book value in excess of \$100,000, without Mortgagee’s consent, except if significantly damaged by fire or other casualty, or (d) do anything or permit anything to be done that may in any way materially impair Mortgagee’s rights under this Mortgage or Mortgagee’s rights in and to the Mortgaged Property.

INSURANCE. Mortgagor shall keep the Mortgaged Property constantly insured against risk of loss by fire, wind, storm, flood, tornado, theft, and all such other hazards, casualties, and contingencies in a commercially reasonable manner as determined by Mortgagor. Mortgagor shall have the right to receive all proceeds payable under Mortgagor's insurance policies.

INSPECTION OF THE PROPERTY. Mortgagor agrees that Mortgagee or Mortgagee's agents may inspect the Mortgaged Property once every six (6) months upon providing ten (10) days prior notice. Mortgagee and Mortgagee's agents must be accompanied by a representative at all times during its inspection of the Mortgaged Property.

DEFAULT. The occurrence of any one or more of the following events shall constitute a default ("Default") under this Mortgage, and Mortgagee shall not foreclose on the Property unless and until one or more of the following conditions occur:

(1) the failure to make payment of or failure to fully perform the Obligations upon coming due and upon 60-day written demand provided by Mortgagee to Mortgagor; however, Mortgagee shall not be entitled to send the written demand unless and until one or more of the following conditions occur: (a) a final and non-appealable judgment is rendered against Gulf Island Shipyards, LLC or Mortgagee in the litigation styled *Gulf Island Shipyards, LLC v. Hornbeck Offshore Services, LLC*, pending in the 22nd Judicial District Court for the Parish of St. Tammany, State of Louisiana, Case No. 2018-14866; or (b) a final and non-appealable judgment is rendered against any or all of the Indemnitors or Mortgagor and in favor of Mortgagee in any legal proceeding related in any way to the General Indemnity Agreements or the Surety Bonds,

(2) the failure to pay on demand any sums advanced by Mortgagee for the payment of Taxes or the release of any superior lien on the Mortgaged Property,

(3) the failure of Mortgagor to observe or perform any of the Mortgagor's covenants, agreements or obligations under this Mortgage within thirty (30) days of receiving written notice of such failure from Mortgagee; provided, however, if such failure is of the nature that it cannot be cured within thirty (30) days, such reasonable time necessary to cure the same so long as Mortgagor commences to cure such failure within the initial 30-day period,

(4) the failure of Mortgagor to cure a material inaccuracy of any warranty made by Mortgagor in this Mortgage within thirty (30) days of receiving written notice of such failure from Mortgagee; and

(5) the seizure, attachment or sequestration of any material part of the Mortgaged Property.

MORTGAGEE'S RIGHTS IN EVENT OF DEFAULT. If a Default occurs, Mortgagee shall have the following rights in addition to any other rights Mortgagee may have:

Foreclosure. To commence appropriate foreclosure proceedings under this Mortgage under ordinary or executory process under which Mortgagee may cause the Mortgaged Property to be immediately seized and sold, with or without appraisal, in accordance with applicable Louisiana law, without the necessity of further demanding payment from Mortgagor, or of notifying Mortgagor, or of placing Mortgagor in default.

Confession of Judgment. For purposes of foreclosure under Louisiana executory process procedures, Mortgagor confesses judgment and acknowledges to be indebted to Mortgagee up to the full amount of the Obligations, in principal, interest, costs, expenses, attorneys' fees and other fees and charges.

Waivers. To the extent permitted under applicable Louisiana law, Mortgagor waives (a) the benefit of appraisal as provided in Articles 2332, 2336, 2723, and 2724 of the Louisiana Code of Civil Procedure, and all other laws with regard to appraisal upon judicial sale; (b) the demand and three (3) days' delay provided under Article 2721 of the Louisiana Code of Civil Procedure; (c) the three (3) days' delay provided under Articles 2331, 2722 of the Louisiana Code of Civil Procedure; and (d) all other benefits provided under Articles 2331, 2722, 2723 of the Louisiana Code of Civil Procedure and all other Articles not mentioned above. Any declaration of fact made by authentic act before a Notary Public and two witnesses, by a person declaring that such facts are within his or her knowledge, shall constitute authentic evidence of such facts for purposes of foreclosure under applicable Louisiana law and for purposes of La. R.S. 9:3504(D)(6), where applicable.

Cumulative Remedies. The rights and remedies of Mortgagee hereunder are _____ cumulative, may be exercised singly or concurrently, and are in addition to any rights and remedies of Mortgagee under the Obligations and applicable law.

Keeper. Should any or all the Mortgaged Property be seized as an incident to an action _____ for the recognition or enforcement of this Mortgage, by executory process, sequestration, attachment, writ of fieri facias or otherwise, the court issuing any such order shall, if _____ requested by Mortgagee, appoint Mortgagee, or any agent designated by Mortgagee, or any person or entity named by Mortgagee, as keeper of the Mortgaged Property as provided under La. R.S. 9:5136, *et. seq.* Mortgagor shall pay the reasonable fees of such _____ keeper. Any fees paid to the keeper by Mortgagee shall be secured by this Mortgage.

APPLICATION OF PROCEEDS. Mortgagee may apply any proceeds derived or to be derived from the sale or other disposition of the Mortgaged Property first to the reimbursement of the expenses incurred by Mortgagee in connection therewith, including Mortgagee's attorneys' fees and costs; and then to the payment of any costs incurred by Mortgagee pursuant to this Mortgage; and then to the payment of the Obligations.

INDEMNIFICATION OF MORTGAGEE. Mortgagor shall indemnify, defend and hold harmless Mortgagee, its directors, officer, employees, and agents from and against any and all claims, suits, obligations, damages, losses, costs and expenses (including Mortgagee's attorneys' fees), demands, liabilities, penalties, fines and forfeitures of any nature whatsoever, that may be asserted against or incurred by Mortgagee, arising out of or in any way occasioned by this Mortgage or the rights and remedies granted to and in favor of Mortgagee hereunder. The obligation set forth herein to indemnify, defend, and hold harmless Mortgagee, its directors, officers, employees and agents, shall be secured by this Mortgage up to the full extent of the foregoing costs, expenses, losses, and liabilities.

ADDITIONAL WAIVERS. Mortgagor waives any homestead and other exemptions relating to the Mortgaged Property. The parties hereto waive the production of Mortgage, conveyance and any and all other certificates and release and relieve the Notary Public before whom this Mortgage was passed from all responsibility and liability in connection therewith.

GENERAL PROVISIONS. The following general provisions are a part of this Mortgage:

Solidary Liability. Where there is more than one Mortgagor under this Mortgage, _____ Mortgagor's obligations to Mortgagee shall be joint, several and solidary in nature.

Waiver of Additional Rights. Any failure or delay on the part of Mortgagee to exercise _____ any of the rights and remedies granted under this Mortgage shall not constitute a waiver of such rights and remedies. Any waiver or forbearance on the part of Mortgagee shall be effective against Mortgagee only if agreed to in writing.

Governing Law. This Mortgage shall be governed by and interpreted in accordance with _____ the laws of the State of Louisiana.

Successors and Assigns. This Mortgage shall be binding upon Mortgagor's heirs, _____ administrators, executors, successors and assigns as well as upon any person, firm or corporation subsequently acquiring title to or ownership of the Property, whether in whole or in part.

Taxation of Mortgages. Should there be any change in local, Louisiana or federal law with regard to taxation of mortgages, Mortgagor agrees to pay any taxes, assessments or changes that may be imposed on Mortgagee as a result of this Mortgage.

Severability. If any provision of this Mortgage is deemed to be invalid or unenforceable, such invalidity or unenforceability will not affect the validity and enforceability of the remaining provisions of this Mortgage.

Caption Headings. The caption headings in this Mortgage are for convenience purposes only and are not to be construed as a summary of each provision of this Mortgage.

Acceptance. The acceptance of this Mortgage by Mortgagee and the consent by Mortgagee of the terms and conditions of this Mortgage is presumed and, under the provisions of Louisiana Civil Code Article 3289, Mortgagee is not and has not been required to sign this Mortgage.

[SIGNATURE PAGE AND SCHEDULES FOLLOW.]

THUS DONE AND PASSED, on the day, month and year first written above, in the presence of the undersigned Notary Public and the undersigned competent witnesses, who hereunto sign their names with Mortgagor after reading of the whole.

MORTGAGOR:

GULF ISLAND, L.L.C., a Louisiana limited liability company

By: /s/ Richard W. Heo

Printed Name: Richard W. Heo

Its: President and Chief Executive Officer

GULF ISLAND SERVICES, L.L.C., a Louisiana limited liability company
f/k/a Dolphin Services, L.L.C.

By: /s/ Richard W. Heo

Printed Name: Richard W. Heo

Its: President and Chief Executive Officer

WITNESSES:

By: _____

Printed Name: _____

By: _____

Printed Name: _____

WITNESS my hand and official seal.

Printed Name:

Notary Public in and for the said County/
Parish and State first stated above
Bar/Notary ID: _____
Commission Expiration: _____

[SEAL]

Schedule A

Property Description

1.

A certain tract or parcel of land with all buildings, improvements, tools and equipment thereon, containing 135.13 acres, more or less, located in Sections 1 and 15, T18S-R17E, Terrebonne Parish, Louisiana, as commencing at a intersection of the centerline of Thompson Road with the centerline of Grand Caillou Road (La. Hwy. 57) and being the point of beginning designated as Point "A";

THENCE, S 8°56'10" E, a distance of 1300.00 feet to Point "B";

THENCE, S 81°03'50" W, a distance of 1779.09 feet to Point "C";

THENCE, S 8°56'10" E, a distance of 650.00 feet to Point "D";

THENCE, S 81°03'50" W, a distance of 2323.21 feet to the centerline of the Houma Navigation Canal right-of-way designated as Point "E";

THENCE, N 7°45'19" E, on and along said centerline a distance of 187.31 feet to Point "F";

THENCE, N 5°31'22" E, on and along said centerline a distance of 485.97 feet to Point "G";

THENCE, N 5°33'33" E, on and along said centerline a distance of 404.43 feet to Point "H";

THENCE, N 1°18'58" E, on and along said centerline a distance of 889.50 feet to Point "I";

THENCE, N 0°58'37" W, on and along said centerline a distance of 33.43 feet to Point "J";

THENCE, N 81°03'50" E, on and along the centerline of Thompson Road a distance of 3662.99 feet to Point "A", the point of beginning, containing 140.6805 acres.

Less and Except
1.958 Acre Parcel

COMMENCING at a point being located S 81°03'50" W for a distance of 1938.47 feet and S 8°56'10" E for a distance of 859.28 feet from Point "A" and being the point of beginning;

THENCE, S 7°51'57" E, a distance of 626.11 feet to a point;

THENCE, S 82°08'03" W, a distance of 136.21 feet to a point;

THENCE, N 7°51'57" W, a distance of 626.11 feet to a point;

THENCE, N 82°08'03" E, a distance of 136.21 feet to the point of beginning, containing 1.958 acres.

Less and Except
3.604 Acre Panel

COMMENCING at a point being located S 81°03'50" W for a distance of 2922.24 feet and S 8°56'10" E, for a distance of 1100.00 feet from Point "A" and being the point of beginning;

THENCE, N 81°03'50" E, a distance of 70.00 feet to a point;

THENCE, S 8°56'10" E, a distance of 100.00 feet to a point;

THENCE, N 81°03'50" E/, a distance of 530.00 feet to a point;

THENCE, S 8°56'10" E, a distance of 150.00 feet to a point;

THENCE, S 81°03'50" W, a distance of 1000.00 feet to a point;

THENCE, N 8°56'10" W, a distance of 150.00 feet to a point;

THENCE, N 81°03'50" E, a distance of 400.00 feet to a point;

THENCE, N 8°56'10" W, a distance of 100.00 feet to the point of beginning, containing 3.604 acres.

All as shown on a plat prepared by the office of T. Baker Smith & Son, Inc. titled "Survey Of 140.6805 Acres To Be Purchased By Gulf Island Fabrication, Inc. Located In Sections 1 & 15, T18S-R17E, Terrebonne Parish, Louisiana," dated May 16, 1985.

2.

Those certain tracts or parcels of land, designate as Lot "A" on the plat entitled "Marlin Marine Corporation, Proposed Sale of Lot A located in Sections 1 and 15, Township 18 South, Range 17 East, Terrebonne Parish, Louisiana," dated May 13, 1976, prepared by T. Baker Smith & Son, Inc., Civil and Consulting Engineers, Houma, Louisiana approved by Charles M. Camp, Registered Land Surveyor, said property being more particularly described as follows:

Commencing at a point in the intersection of Louisiana State Highway 57 and the centerline of Thompson Road in Section 12, Township 17 South, Range 17 East, Terrebonne Parish, Louisiana; thence South 81°3'50" West on along said Thompson Road centerline a distance of 7,650 feet to a point, thence North 8°56'10" West a distance of 40 feet to the point of beginning, thence South 81°3'50" West a distance of 566.77 feet to a point; thence North 2°10'37" West a distance of 403.91 feet to a point; thence North 81°3'50" East a distance of 519.24 feet to a point; thence South 8° 56' 10" East a distance of 401.10 feet to the point of beginning, and containing an area of 5.000 acres, more or less, all as more fully shown on the above referred to plat, including all building and improvements thereon, as well as all rights, ways, privileges and servitudes thereunto belonging or in anywise appertaining.

3.

A certain lot or parcel of land commencing at a point located S81° 03' 50"W on and along the centerline of Thompson Road for a distance of 7320 feet from the centerline of Louisiana State Highway 57 and Thompson Road, also being the point of beginning; thence along the following bearings and distances; thence S81°03'50"W on and along the centerline of Thompson Road for a distance of 901.52 feet to a point; thence N2° 10'37"W for a distance of 40.28 feet to a point; thence N81°03'50" E for a distance of 566.77 feet to a point; thence N8°56'10"W for a distance of 401.10 feet to a point; thence S81°03'50"W for a distance of 519.24 feet to a point; thence N2°10'37"W for a distance of 125.87 feet to a point; thence N81°03'50"E for a distance of 834.42 feet to a point; thence S8°56'10"E for a distance of 566.10 feet to the point of beginning and containing an area of 6.280 acres, more or less, all as more fully shown on a map prepared by T. Baker Smith Son, Inc. dated August 9, 1979, and revised August 10, 1979 entitled "Exchange & Purchase Between Marlin Marine Corporation and CNG Producing Company located in Sections 1 & 15, T18S-R17E, Terrebonne Parish, Louisiana."

Being the same property acquired by Seller by a Cash Sale of Property from American Oilfield Divers, Inc. dated June 13, 1997, filed June 2, 1994, under Entry Nol 1000060 of the public records of Terrebonne Parish, State of Louisiana.

4.

One certain piece of ground designated as two irregular shaped lots known as a portion of Lots 15 & 16 on a plat entitled "MAP SHOWING LOTS 15 & 16 OF PROPERTY FORMERLY BELONGING TO WALTER LAND CO., OR ASSIGNS AND AN ADJOINING TRACT OF LAND LOCATED IN SECS. 1 & 15, T18S - R18E, TERREBONNE PARISH, LOUISIANA", dated February 8, 2001, prepared by Charles L. McDonald, and recorded at Entry No. 1089425, Terrebonne Parish, Louisiana and according to said plat said portions of Lots 15 & 16 have a combined southerly footage of 1,174.99 feet on its south side extending into the Houma Navigation Canal, a combined total in the rear of 1,030.84 feet on its north side, by a depth of 1,320.00 feet on its east side, by depth of 1,268.86 feet on its west side; said Lots 15 & 16 being bounded on its north by Munson Silp, on its south by property owned by Gulf Island Fabrication Company and extending into the Houma Navigation Canal, on its east by Lot 17 and on its west by the Houma Navigation Canal, all according to the above mentioned plat, together with all rights, ways, servitudes and privileges thereunto belonging or in anywise appertaining.

5.

THAT PORTION OF GROUND together with all the buildings and improvements thereon and all the rights, ways, privileges, servitudes, appurtenances, and advantages thereunto belonging or in anywise appertaining, situated in Section 12, Township 17 South, Range 17 East, and Section 1, Township 18 South, Range 17 East, Terrebonne Parish, Louisiana, being lot 26 of Houma-Terrebonne Industrial Park as shown on plat of survey of Robert C. Reed, registered Land Surveyor dated March 22, 1972, revised July 11, 1973, said plat attached to document dated February 17, 1975 and registered in COB 608, Folio 670, Entry Number 482726 and said lot 26 being more particularly described as follows to wit:

COMMENCING at a point S81 degrees 03'50"W, a distance of 1,480.00 feet from the intersection of the centerline of Roland Road with the centerline of Thompson Road, said point being the southeasterly corner of Lot 26 and also being the point of beginning;

THENCE S81 degrees 03'50"W, along the centerline of Thompson Road a distance of 330.00 feet to a point on the property line between Lot 26 and Walter Land Company;

THENCE N8 degrees 56'10"W, along said property line a distance of 1,320.00 feet to a point on the centerline of Munson Slip;

THENCE N81 degrees 03'50"E, along the centerline of Munson Slip a distance of 330.00 feet to a point on the property line between Lot 26 and Walter Land Company;

THENCE S8 degrees 56'10"E, along said property line a distance of 1,320.00 feet to the point of beginning and containing an area of 10.00 acres, more or less, all as more fully shown on a plat prepared by Euclid Engineering Co., Inc., dated January 2, 1979 and titled "Plat of Survey Showing a Proposed Purchase from Walter Land Company in Section 12, T17S, R17E, and Section 1, T18S, R17E, Terrebonne Parish, Louisiana".

Being the same property acquired by Thomas N. Reagan from Wilburn Ray Hines by act dated May 29, 1981, passed before Logan L. Loomis, Notary Public, registered in COB 839, folio 554, Entry No. 654115 of the records of Terrebonne Parish, Louisiana.

6.

A certain lot or parcel of ground known as Lot Twenty-five (25), all as more particularly shown on that plat entitled, "PLAT OF SURVEY SHOWING A PROPOSED PURCHASE FROM WALTER LAND COMPANY IN SECTION 12, T17S-R17E AND SECTION 1, T18S-R17E, TERREBONNE PARISH, LOUISIANA", prepared by Euclid Engineering Co., Inc. dated January 3, 1979, revised January 4, 1979, a copy of which is made part of that certain Act of Cash Sale dated January 30, 1979, and recorded at Entry Number 586594, COB 742, page 160 records of Terrebonne Parish, Louisiana. Said lot is more fully described as follows: Having a front of Three hundred thirty and 00/100 (330.00') feet, with a rear of Three hundred thirty and 00/100 (330.00') feet and a westerly sideline of One thousand three hundred twenty and 00/100 (1,320.00') feet and an easterly sideline of One thousand three hundred twenty and 00/100 (1,320.00') feet. Said Lot 25 is bounded as follows: Front or Southerly by Thompson Road, westerly by Walter Land Company, Northerly or rear by Munson Slip, and Easterly by Walter Land Company; together with all the improvements thereon, as well as all rights, ways, privileges and servitudes thereunto belonging or otherwise appertaining.

7.

A certain tract or parcel of land located in Section 1, Township 18 South, Range 17 East, Terrebonne Parish, Louisiana, containing 19.1 acres and described as follows: Begin at Point A of the Northeast Corner of Parcel II and travel a westerly direction on the North boundary of Parcel II a distance of 640 feet; then travel South a distance of 1300 feet on a line which is parallel to the Eastern boundary of Parcel II; thence travel a distance of 640 feet to point B; thence travel to point A along the Easterly boundary of Parcel II, all as more particularly set forth on that one certain plat prepared by Robert C. Reed, Registered Civil Engineer, entitled "Plat of Survey Showing Lands Purchased by Fluor Ocean Services, Inc. from the South Coast Corporation within Section 1 and 15, T18S, R17E, Terrebonne Parish, Louisiana" which is dated April 21, 1970, a copy of which is filed for record under Entry No. 380939 of the records of Terrebonne Parish, Louisiana, together with all improvements thereon and all rights, ways, privileges, and servitudes thereunto belonging or in anywise appertaining.

8.

A CERTAIN LOT OR PARCEL OF GROUND, together with all the buildings and improvements thereon, and all of the rights, ways, privileges, servitudes, appurtenances and advantages thereunto belonging or in anywise appertaining, including but not limited to all batture, batture rights, alluvion, alluvion rights, dereliction and/or accretion, located in Section 12, Township 17 South range 17 East and Section 1 Township 18 South range 17 East Terrebonne Parish, Louisiana,

being lot 27 of Houma - Terrebonne Industrial Park as shown on plat of survey of Robert C. Reed, registered Land Surveyor dated March 22, 1972, revised July 11, 1973, said plat attached to document dated February 17, 1975 and registered in COB 608, Folio 670, Entry No. 482726 and said lot 27 being more particularly described as follows to wit:

COMMENCING at a point S81°03'50"W a distance of 1150.00 feet from the intersection of the centerline of Roland Road with the centerline of Thompson Road, said point being the southeasterly corner of Lot 27 and also being the point of beginning;

THENCE S81°03'50"W along the centerline of Thompson Road a distance of 330.00 feet to a point on the property line between lots 27 and 26;

THENCE N8°56'10"W along said property line a distance of 1320.00 feet to a point in the centerline of Munson Slip;

THENCE N81°03'50"E, along the centerline of Munson Slip a distance of 330.00 feet to a point on the property line between Lots 27 and 28 of said Houma - Terrebonne Industrial Park;

THENCE S8°56'10"E, along said line between Lots 27 and 28 a distance of 1320.00 feet to the point of beginning containing an area of 10100' acres more or less, said lot 27 is shown on a plat prepared by Euclid Engineering Co., Inc. dated November 13, 1978.

Per survey by Kenneth L. Rembert, Land Surveyor, dated November 18, 1980, the said property has the same measurements and location as hereinabove described.

Schedule B

Permitted Liens and Encumbrances

1. Liens for Taxes not yet due and payable.
2. Mechanics', carriers', workmen's, repairmen's or other like liens, in each case, arising or incurred in the ordinary course of business and which are not yet due and payable.
3. Zoning ordinances, municipal codes and other similar laws and regulations.
4. All servitudes, rights of way, restrictions, covenants and other similar rights recorded in Terrebonne Parish, Louisiana that affect the Mortgaged Property.
5. Any non-apparent servitudes affecting the Mortgaged Property that do not materially impair the current use or occupancy of such Mortgaged Property.
6. Any mineral or mineral rights leased, granted or retained by prior owners of the Mortgaged Property and all appurtenant surface rights, including servitudes, for the exploration, development, production and removal of said oil, gas, water and other minerals.
7. Any dispute as to the boundaries of the Mortgaged Property caused by a change in the location of any water body within or adjacent to the Mortgaged Property prior to the date of the Mortgage, and any adverse claims to all or part of the Mortgaged Property that is, at the date of the Mortgage, or was previously, under water.
8. Servitude for Houma Navigational Channel and any slips (including Munson Slip) thereto traversing the Mortgaged Property.
9. Lack of ownership to any of the Mortgaged Property below the ordinary low water stage of the Houma Navigational Channel and any slips (including Munson Slip) thereto.
10. Legal servitudes in favor of the public over the Mortgaged Property established by Louisiana Civil Code Articles 665 and 666.
11. Rights of the public to use the banks of Mortgaged Property abutting the Houma Navigational Channel and any slips (including Munson Slip) thereto for passage, stopping, or otherwise as provided in Louisiana Civil Code Article 456.
12. Rights of others as expressed in Louisiana Civil Code Article 501 in and to the proportional ownership of any alluvion connected with, or comprising the Mortgaged Property or any interest therein.
13. Rights and any servitudes created in favor of any person or entity to the Mortgaged Property due to any erosion, dereliction or accretion or any change in the bed line of the Houma Navigational Channel and any slips (including Munson Slip) thereto.
14. Right-of-way for Thompson Road.
15. Any servitudes imposed by Articles 655-672 of the Louisiana Civil Code, La. R.S. 19:14 and the "St. Julien Doctrine," including those for any utility (including water, electric, gas and telephone) lines and facilities and any pipelines presently located on the Mortgaged Property.
16. Any encroachments or fence misalignments that do not materially impair the current use or occupancy of the Mortgaged Property.

Schedule B

Unaudited Pro Forma Financial Information**Overview**

On April 19, 2021 (the “Closing Date” or at “Closing”), Gulf Island Fabrication, Inc. (the “Company”), and Gulf Island Shipyards, LLC and Gulf Island, L.L.C., each a subsidiary of the Company (collectively, the “Sellers”), entered into a definitive agreement (the “Purchase Agreement”) pursuant to which we sold the assets and certain vessel construction contracts of our Shipyard Division (“Shipyard Transaction”) to Bollinger Houma Shipyards, L.L.C. and Bollinger Shipyards Lockport, L.L.C. (collectively, “Bollinger”) for approximately \$28.6 million (“Transaction Price”) (\$26.1 million, net of estimated transaction and other costs). We received \$26.4 million of the Transaction Price on the Closing Date and the remainder will be received upon Bollinger’s collection of certain customer payments associated with the Divested Shipyard Contracts (defined below).

At Closing, we also received \$8.0 million from Bollinger, representing an estimate of the change in working capital for the Divested Shipyard Contracts from December 31, 2020 through the Closing Date (the “Closing Adjustment”). The Closing Adjustment is subject to a post-closing reconciliation and further adjustment (“Closing Adjustment True-Up”) based on actual changes in working capital for the Divested Shipyard Contracts from December 31, 2020 through the Closing Date compared to the Closing Adjustment.

In connection with the Shipyard Transaction, we will retain approximately \$11.2 million in net working capital liabilities associated with the Divested Shipyard Contracts. Accordingly, our net cash proceeds inclusive of the Closing Adjustment and estimated Closing Adjustment True-up, and after our payment of the retained working capital liabilities associated with the Divested Shipyard Contracts, are estimated to be approximately \$15.0 million. The net cash proceeds will be used to fund net working capital liabilities associated with the Retained Shipyard Contracts (defined below) and other Shipyard Division liabilities (which totaled approximately \$13.1 million at December 31, 2020) and the wind down of the Shipyard Division operations, which is anticipated to occur by mid-2022.

Included in the Shipyard Transaction are the Shipyard Division’s:

- Property, inventory and equipment in Houma, Louisiana;
- Contracts and related obligations for the construction of three research vessels for Oregon State University and five towing, salvage and rescue ships for the U.S. Navy (collectively, the “Divested Shipyard Contracts”);
- Contract retentions, contract assets (representing unbilled contract amounts), contract liabilities (representing accrued contract losses and advance payment obligations) and certain accounts payable associated with the Divested Shipyard Contracts as of the Closing Date; and
- Four drydocks (of which two were held for sale at December 31, 2020).

Bollinger has agreed to offer employment to most of the employees of our Shipyard Division associated with the Acquired Shipyard Contracts, subject to its normal employee onboarding procedures.

Excluded from the Shipyard Transaction are the Shipyard Division’s:

- Accounts receivable, certain accounts payable and other accrued liabilities associated with the Divested Shipyard Contracts as of the Closing Date;
- Contracts and related obligations for the construction of two forty-vehicle ferries for the North Carolina Department of Transportation, a seventy-vehicle ferry for the Texas Department of Transportation, and two multi-purpose service vessels for Hornbeck Offshore Services that are subject to dispute, together with the associated accounts receivable, accounts payable and other accrued liabilities (collectively, the “Retained Shipyard Contracts”);
- The Lake Charles Yard and Jennings Yard which were closed in the fourth quarter 2020; and
- Remaining assets and liabilities of the Shipyard Division.

We will retain those employees of our Shipyard Division associated with the Retained Shipyard Contracts.

We anticipate recording a pre-tax loss of approximately \$26.0 million to \$28.0 million in connection with the Shipyard Transaction, representing the estimated carry value of the net assets sold over the Transaction Price, inclusive of the Closing Adjustment and Closing Adjustment True-Up, at Closing.

Basis of Presentation

The Company's pro forma Shipyard Division separate information and the condensed consolidated pro forma financial information presented, collectively referred to as ("the Pro Formas"), include adjustments to reflect the estimated financial impacts of the Shipyard Transaction on our Shipyard Division's historical financial results and financial condition and consolidated historical financial results and financial condition as reported under U.S. Generally Accepted Accounting Principles ("GAAP") for the periods presented. Pursuant to the Shipyard Transaction, we did not assign and transfer all of the vessel construction contracts of our Shipyard Division; however, we intend to wind-down and cease the operations of the Shipyard Division ("Retained Shipyard Operations") upon completion of the Retained Shipyard Contracts.

The unaudited pro forma statements of operations for the year ended December 31, 2020 and 2019 have been prepared on the assumption that the Shipyard Transaction was completed as of January 1, 2019. The unaudited pro forma condensed balance sheets as of December 31, 2020 have been prepared with the assumption that the Shipyard Transaction was completed as of that date. The adjustments presented are directly attributable to the Shipyard Transaction, are factually supportable, and, in the opinion of management, are necessary to fairly state the Pro Formas.

The Pro Formas do not purport to be indicative of the results or the financial condition which would have actually occurred if the Shipyard Transaction had been completed on the dates indicated and do not purport to indicate the results of future operations.

Unaudited Pro Forma Condensed Balance Sheet

Shipyards Division

December 31, 2020

(amounts in thousands)

	Shipyards Division	Adjustments	Adjusted Shipyards Division	Less: Shipyards Division Assets and Liabilities Sold	Retained Shipyards Division Assets and Liabilities
ASSETS					
Current assets:					
Cash and short-term investments	\$ —	\$ —	\$ —	\$ —	\$ —
Contract receivables and retainage, net	3,361	—	3,361	(150)	3,211
Contract assets	65,206	—	65,206	(60,594)	4,612
Prepaid expenses and other assets	466	—	466	(46)	420
Inventory	104	—	104	(104)	—
Assets held for sale	2,014	—	2,014	(1,963)	51
Total current assets	71,151	—	71,151	(62,857)	8,294
Property, plant and equipment, net	35,488	792 (b)	36,280	(36,280)	—
Other noncurrent assets	15,353	—	15,353	(2,901)	12,452 (c)
Total assets	\$ 121,992	(a) \$ 792	\$ 122,784	\$ (102,038)	\$ 20,746
LIABILITIES AND EQUITY					
Current liabilities:					
Accounts payable	\$ 63,670	\$ —	\$ 63,670	\$ (44,366)	\$ 19,304
Contract liabilities	14,045	—	14,045	(4,842)	9,203
Accrued expenses and other liabilities	2,983	—	2,983	—	2,983
Total current liabilities	80,698	—	80,698	(49,208)	31,490
Other noncurrent liabilities	1,098	—	1,098	—	1,098
Total liabilities	81,796	—	81,796	(49,208)	32,588
Total shareholders' equity	40,196	792	40,988	(52,830)	(11,842)
Total liabilities and equity	\$ 121,992	\$ 792	\$ 122,784	\$ (102,038)	\$ 20,746

Notes to the Unaudited Pro Forma Shipyards Division Balance Sheet as of December 31, 2020:

- (a) Represents total assets of the Shipyards Division as reported in the Company's December 31, 2020 Form 10-K.
- (b) Represents the reclassification of assets from our Fabrication & Services Division that are included in the Shipyards Transaction.
- (c) Represents a contract asset related to contracts for the construction of two multi-purpose service vessels which are subject to dispute.

Unaudited Pro Forma Condensed Consolidated Balance Sheet
Gulf Island Fabrication, Inc.
December 31, 2020
(amounts in thousands)

	Gulf Island As Reported	Less: Shipyard Division Assets and Liabilities Sold	Pro Forma Gulf Island
ASSETS			
Current assets:			
Cash and short-term investments	\$ 51,157	\$ 26,100	(a) \$ 77,257
Contract receivables and retainage, net	15,393	(150)	15,243
Contract assets	67,521	(60,594)	6,927
Prepaid expenses and other assets	2,815	(46)	2,769
Inventory	2,262	(104)	2,158
Assets held for sale	8,214	(1,963)	6,251
Total current assets	147,362	(36,757)	110,605 (c)
Property, plant and equipment, net	67,458	(36,280)	31,178
Other noncurrent assets	16,523	(2,901)	13,622 (d)
Total assets	<u>\$ 231,343</u>	<u>\$ (75,938)</u>	<u>\$ 155,405</u>
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Accounts payable	\$ 70,114	\$ (44,366)	\$ 25,748
Contract liabilities	15,129	(4,842)	10,287
Accrued expenses and other liabilities	7,670	—	7,670
Long-term debt, current	5,499	—	5,499
Total current liabilities	98,412	(49,208)	49,204 (c)
Long-term debt, noncurrent	4,501	—	4,501
Other noncurrent liabilities	2,068	—	2,068 (c)
Total liabilities	104,981	(49,208)	55,773
Total shareholders' equity	126,362	(26,730) (b)	99,632
Total liabilities and shareholders' equity	<u>\$ 231,343</u>	<u>\$ (75,938)</u>	<u>\$ 155,405</u>

Notes to the Unaudited Pro Forma Consolidated Balance Sheet as of December 31, 2020:

- (a) Represents Shipyard Transaction estimated proceeds of \$28.6 million less \$2.5 million of anticipated transaction and other costs. The Closing Adjustment of \$8.0 million is excluded from the estimated proceeds as it represents a payment to account for an estimate of changes in working capital from December 31, 2020 through the Closing Date for the Acquired Shipyard Contracts, and accordingly, represents a payment for balance sheet activity occurring after the balance sheet date and does not impact the estimated loss on the Shipyard Transaction.
- (b) Represents the estimated loss on the Shipyard Transaction as if the transaction closed on December 31, 2020.
- (c) Total current assets, total current liabilities and other noncurrent liabilities include assets of \$8.3 million, liabilities of \$31.5 million and liabilities of \$1.1 million, respectively, resulting in net liabilities of \$24.3 million, associated with the Retained Shipyard Division Assets and Liabilities. Of the \$24.3 million in net liabilities, \$11.2 million relates to the Divested Shipyard Contracts and \$13.1 million relates to the remaining Retained Shipyard Division Assets and Liabilities.
- (d) Includes a contract asset of \$12.5 million associated with the Retained Shipyard Division Assets and Liabilities related to contracts for the construction of two multi-purpose service vessels which are subject to dispute.

Unaudited Pro Forma Statement of Operations**Shipyard Division**

For the Year Ended December 31, 2020

(amounts in thousands)

	Shipyard Division As Reported	Less: Shipyard Operations Sold	Pro Forma Retained Shipyard Operations
Revenue	\$ 153,698	\$ (118,943)	\$ 34,755
Cost of revenue	172,972	(127,467)	45,505
Gross loss	(19,274)	8,524	(10,750)
General and administrative expense	1,980	(1,826)	154
Impairments and (gain) loss on assets held for sale	1,639	(306)	1,333
Other (income) expense, net	1,450	(200)	1,250
Operating loss	<u>\$ (24,343)</u>	<u>\$ 10,856</u>	<u>\$ (13,487)</u>

Unaudited Pro Forma Statement of Operations**Shipyard Division**

For the Year Ended December 31, 2019

(amounts in thousands)

	Shipyard Division As Reported	Less: Shipyard Operations Sold	Pro Forma Retained Shipyard Operations
Revenue	\$ 168,466	\$ (110,580)	\$ 57,886
Cost of revenue	184,491	(114,529)	69,962
Gross loss	(16,025)	3,949	(12,076)
General and administrative expense	2,445	(2,014)	431
Impairments and (gain) loss on assets held for sale	7,920	(344)	7,576
Other (income) expense, net	38	20	58
Operating loss	<u>\$ (26,428)</u>	<u>\$ 6,287</u>	<u>\$ (20,141)</u>

Unaudited Pro Forma Consolidated Statement of Operations

Gulf Island Fabrication, Inc.

For the Year Ended December 31, 2020

(amounts in thousands)

	Gulf Island As Reported	Less: Shipyard Operations Sold	Pro Forma Gulf Island
Revenue	\$ 250,959	\$ (118,943)	\$ 132,016
Cost of revenue	268,710	(127,467)	141,243
Gross loss	(17,751)	8,524	(9,227)
General and administrative expense	13,858	(1,826)	12,032
Impairments and (gain) loss on assets held for sale	4,130	(306)	3,824
Other (income) expense, net	(8,580)	(200)	(8,780)
Operating loss	(27,159)	10,856	(16,303)
Interest (expense) income, net	(268)	—	(268)
Loss before income taxes	(27,427)	10,856	(16,571)
Income tax (expense) benefit	52	— (a)	52
Net loss	\$ (27,375)	\$ 10,856	\$ (16,519)
Per share data:			
Basic and diluted loss per common share	\$ (1.79)	\$ 0.71	\$ (1.08)
Weighted average shares	15,308	15,308	15,308

Notes to the Unaudited Pro Forma Consolidated Statement of Operations for the year ended December 31, 2020:

(a) Income taxes associated with the Shipyard Division operations are not material.

Unaudited Pro Forma Consolidated Statement of Operations

Gulf Island Fabrication, Inc.

For the Year Ended December 31, 2019

(amounts in thousands)

	Gulf Island As Reported	Less: Shipyard Operations Sold	Pro Forma Gulf Island
Revenue	\$ 303,308	\$ (110,580)	\$ 192,728
Cost of revenue	320,307	(114,529)	205,778
Gross loss	(16,999)	3,949	(13,050)
General and administrative expense	15,628	(2,014)	13,614
Impairments and (gain) loss on assets held for sale	17,528	(344)	17,184
Other (income) expense, net	(134)	20	(114)
Operating loss	(50,021)	6,287	(43,734)
Interest (expense) income, net	531	—	531
Loss before income taxes	(49,490)	6,287	(43,203)
Income tax (expense) benefit	96	— (a)	96
Net loss	\$ (49,394)	\$ 6,287	\$ (43,107)
Per share data:			
Basic and diluted loss per common share	\$ (3.24)	\$ 0.41	\$ (2.83)
Weighted average shares	15,227	15,227	15,227

Notes to the Unaudited Pro Forma Consolidated Statement of Operations for the year ended December 31, 2019:

(a) Income taxes associated with the Shipyard Division operations are not material.



**NEWS RELEASE
FOR IMMEDIATE RELEASE
April 19, 2021**

**GULF ISLAND
ANNOUNCES SALE OF SHIPYARD DIVISION
ASSETS AND LONG-TERM CONTRACTS**

Houston, TX - Gulf Island Fabrication, Inc. ("Gulf Island" or the "Company") (NASDAQ: GIFI) today announced it has sold the assets and certain long-term vessel construction contracts of the Shipyard Division to Bollinger Shipyards, L.L.C. ("Bollinger Shipyards") for approximately \$28.6 million. Net cash proceeds resulting from the transaction are anticipated to be approximately \$15 million after payment of retained working capital liabilities associated with the divested construction contracts and transaction costs and adjustments to account for changes in working capital from December 31, 2020 through the closing date. The net cash proceeds are expected to be used to fund net working capital liabilities associated with retained construction contracts and other Shipyard Division liabilities and the wind down of the Shipyard Division operations.

TRANSACTION RATIONALE

- ***Transforms Gulf Island into a more focused, specialty fabrication business.*** Positions the Company for profitable growth in existing and new higher-margin markets.
- ***Improves risk profile.*** Removes future risks associated with existing, long-term contracts that represent ~90% of the Company's current backlog that extends through 2024.
- ***Strengthens liquidity.*** Reduces the Company's bonding, letters of credit and working capital requirements and is expected to lessen quarterly working capital fluctuations.

"This is a transformational transaction for Gulf Island, as it will enable us to accelerate our strategic priorities by significantly de-risking our business and positioning us to pursue new, higher-margin opportunities within our Fabrication & Services Division. We are well-positioned given the strategic initiatives implemented over the past year and we are excited by the opportunities for profitable growth that lay ahead," said Richard Heo, Gulf Island's President and Chief Executive Officer.

"I would like to thank our Shipyard team for their relentless commitment to quality and safety, while delivering on our obligations to our customers. We believe this divestiture is in the best interest of all our stakeholders, including our shareholders, employees and customers," continued Heo.

"This transaction further supports our key strategic priorities of improving our financial strength and pursuing growth opportunities. As we focus on diversifying into new end markets with our Fabrication & Services Division, we will continue to deliver high-quality fabrication solutions to an expanded base of customers," concluded Heo.

TRANSACTION OVERVIEW

The transaction includes the Shipyard Division property and assets in Houma, Louisiana, including all four of the Division's drydocks. In addition, the transaction includes the long-term contracts and all related obligations for the construction of three research vessels for Oregon State University and five towing, salvage and rescue ships for the U.S. Navy. Excluded from the transaction are certain working capital liabilities associated with such divested construction contracts. Also excluded from the transaction are the contracts and related obligations for the construction of two forty-vehicle ferries for the North Carolina Department of Transportation, a seventy-vehicle ferry for the Texas Department of Transportation, and two multi-purpose service vessels for Hornbeck Offshore Services that are subject to dispute.

Gulf Island received \$26.4 million at closing and will receive the remainder from Bollinger upon its collection of certain customer payments associated with the divested construction contracts. Net cash proceeds resulting from the transaction are anticipated to be approximately \$15 million after payment of retained working capital liabilities associated with the divested construction

contracts and transaction costs and adjustments to account for changes in working capital from December 31, 2020 through the closing date. The net cash proceeds are expected to be used to fund net working capital liabilities associated with the retained construction contracts and other Shipyard Division liabilities (which totaled approximately \$13 million at December 31, 2020) and the wind down of the Shipyard Division operations, which is anticipated to occur by mid-2022. The Company anticipates recording a pre-tax loss of approximately \$26 million to \$28 million in connection with the transaction.

The Company will retain the \$8.8 million payment received in the first quarter 2021 associated with the previously announced amendment to the U.S. Navy contracts.

TRANSACTION UPDATE CONFERENCE CALL

Gulf Island will hold a conference call on Tuesday, April 20, 2021 at 7:30 a.m. Central Time (8:30 a.m. Eastern Time) to discuss the transaction. The call will be available by webcast and can be accessed on Gulf Island's website at www.gulfisland.com. Participants may also join the call by dialing 1.800.437.2398 and requesting the "Gulf Island" conference call. A replay of the webcast will be available on the Company's website for seven days after the call.

ADVISORS

Johnson Rice & Company, L.L.C. acted as financial advisor and Jones Walker LLP acted as legal advisor to Gulf Island.

ABOUT BOLLINGER SHIPYARDS

Bollinger Shipyards has a 75-year legacy as a leading designer and builder of high performance military patrol boats and salvage vessels, research vessels, ocean-going double hull barges, offshore oil field support vessels, tugboats, rigs, lift boats, inland waterways push boats, barges, and other steel and aluminum products from its new construction shipyards as part of the U. S. industrial base. Bollinger has 11 shipyards, all strategically located throughout Louisiana with direct access to the Gulf of Mexico, Mississippi River and the Intracoastal Waterway. Bollinger is the largest vessel repair company in the Gulf of Mexico region.

ABOUT GULF ISLAND

Gulf Island is a leading fabricator of complex steel structures and modules and provider of project management, hookup, commissioning, repair, maintenance and civil construction services to the industrial and energy sectors. The Company's customers include U.S. and, to a lesser extent, international energy producers; refining, petrochemical, LNG, industrial and power operators; and EPC companies. The Company is headquartered in Houston, Texas and its operating facilities are located in Houma, Louisiana.

CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS

This Release contains forward-looking statements in which the Company discusses its potential future performance. Forward-looking statements, within the meaning of the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995, are all statements other than statements of historical facts, such as projections or expectations relating to diversification and entry into new end markets, improvement of risk profile, oil and gas prices, operating cash flows, capital expenditures and liquidity. The words "anticipates," "may," "can," "plans," "believes," "estimates," "expects," "projects," "targets," "intends," "likely," "will," "should," "to be," "potential" and any similar expressions are intended to identify those assertions as forward-looking statements.

The Company cautions readers that forward-looking statements are not guarantees of future performance and actual results may differ materially from those anticipated, projected or assumed in the forward-looking statements. Important factors that can cause its actual results to differ materially from those anticipated in the forward-looking statements include: the duration and scope of, and uncertainties associated with, the ongoing global pandemic caused by COVID-19 and the corresponding weakened demand for, and volatility of prices of, oil and the impact thereof on its business and the global economy, which are evolving and beyond its control; the potential forgiveness of any portion of the PPP Loan; its ability to secure new project awards, including fabrication projects for refining, petrochemical, LNG and industrial facilities and offshore wind developments; the Company's ability to improve project execution; the cyclical nature of the oil and gas industry; competition; consolidation of its customers; timing and award of new contracts; reliance on significant customers; financial ability and credit worthiness of its customers; nature of its contract terms; competitive pricing and cost overruns on its projects; adjustments to previously reported profits or losses under the percentage-of-completion method; weather conditions; changes in backlog estimates;

suspension or termination of projects; its ability to raise additional capital; its ability to amend or obtain new debt financing or credit facilities on favorable terms; its ability to generate sufficient cash flow; its ability to sell certain assets; any future asset impairments; utilization of facilities or closure or consolidation of facilities; customer or subcontractor disputes; its ability to resolve the dispute with a customer relating to the purported terminations of contracts to build two multi-purpose service vessels; operating dangers and limits on insurance coverage; barriers to entry into new lines of business; its ability to employ skilled workers; loss of key personnel; performance of subcontractors and dependence on suppliers; changes in trade policies of the U.S. and other countries; compliance with regulatory and environmental laws; lack of navigability of canals and rivers; systems and information technology interruption or failure and data security breaches; performance of partners in any future joint ventures and other strategic alliances; shareholder activism; focus on environmental, social and governance factors by institutional investors; and other factors described in Item 1A “Risk Factors” in the Company’s 2020 Annual Report as may be updated by subsequent filings with the SEC.

Investors are cautioned that many of the assumptions upon which the Company’s forward-looking statements are based are likely to change after the forward-looking statements are made, which it cannot control. Further, the Company may make changes to its business plans that could affect its results. The Company cautions investors that it does not intend to update forward-looking statements more frequently than quarterly notwithstanding any changes in its assumptions, changes in business plans, actual experience or other changes, and undertakes no obligation to update any forward-looking statements.

COMPANY INFORMATION

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