

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

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended SEPTEMBER 30, 2001

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number 0-22303

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

LOUISIANA
(State or other jurisdiction of
incorporation or organization)

72-1147390
(I.R.S. Employer
Identification No.)

583 THOMPSON ROAD,
HOUMA, LOUISIANA
(Address of principal executive offices)

70363
(Zip Code)

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES NO

The number of shares of the Registrant's common stock, no par value per share, outstanding at November 8, 2001 was 11,706,264.

GULF ISLAND FABRICATION, INC.
INDEX

<TABLE>
<CAPTION>

<S>

PART I FINANCIAL INFORMATION

Item 1. Financial Statements

	Page

Consolidated Balance Sheets at September 30, 2001 (unaudited) and December 31, 2000	3
Consolidated Statements of Income for the Three and Nine Months Ended September 30, 2001 and 2000 (unaudited)	4
Consolidated Statement of Changes in Shareholders' Equity for the Nine Months Ended September 30, 2001 (unaudited)	5
Consolidated Statements of Cash Flows for the Nine Months Ended September 30, 2001 and 2000 (unaudited)	6
Notes to Consolidated Financial Statements	7-8
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	9-10

PART II OTHER INFORMATION

Item 1. Legal Proceedings	11
Item 5. Other Information	11
Item 6. Exhibits and Reports on Form 8-K	11
SIGNATURES	12
EXHIBIT INDEX </TABLE>	E-1

2

GULF ISLAND FABRICATION, INC.
CONSOLIDATED BALANCE SHEETS

December 31, 2000	(Unaudited) September 30, 2001	
-----	-----	(in thousands)
<S>	<C>	<C>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 4,676	
\$10,079		
Short-term investments	23,617	
16,024		
Contracts receivable, net	26,248	
15,922		
Contract retainage	2,201	
738		
Costs and estimated earnings in excess of billings on uncompleted contracts	1,347	
2,419		
Prepaid expenses	858	
1,017		
Inventory	1,180	
1,347		
-----		-
Total current assets	60,127	
47,546		
Property, plant and equipment, net	40,482	
42,662		
Excess of cost over fair value of net assets acquired less accumulated amortization		
of \$ 1,194,125 and \$ 869,225 at September 30, 2001 and December 31, 2000, respectively	4,873	
5,198		
Other assets	706	
656		
-----		-
Total assets	\$106,188	
\$96,062		
=====	=====	
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 2,262	\$
2,229		
Billings in excess of costs and estimated earnings on uncompleted contracts	5,011	
3,608		
Accrued employee costs	2,306	
1,696		
Accrued expenses	1,848	
2,446		
Income taxes payable	2,585	
392		
-----		-
Total current liabilities	14,012	
10,371		
Deferred income taxes	4,521	
4,425		
-----		-
Total liabilities	18,533	
14,796		
Shareholders' equity:		

-	Preferred stock, no par value, 5,000,000 shares authorized, no shares	-
-	issued and outstanding	
4,195	Common stock, no par value, 20,000,000 shares authorized, 11,706,264 and 11,681,500 shares issued and outstanding at September 30, 2001 and December 31, 2000, respectively	4,227
35,755	Additional paid-in capital	36,097
41,316	Retained earnings	47,331
-----		-----
81,266	Total shareholders' equity	87,655
-----		-----
\$96,062	Total liability and shareholders' equity	\$106,188
=====		=====

The accompanying notes are an integral part of these statements.

3

GULF ISLAND FABRICATION, INC.
CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

<TABLE>
<CAPTION>

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2001	2000	2001	2000
	----	----	----	----
	(in thousands, except per share data)			
<S>	<C>	<C>	<C>	<C>
Revenue	\$30,496	\$27,544	\$92,321	\$87,665
Cost of revenue	25,826	25,159	79,731	80,282
	-----	-----	-----	-----
Gross profit	4,670	2,385	12,590	7,383
General and administrative expenses	1,051	1,035	3,394	3,195
	-----	-----	-----	-----
Operating income	3,619	1,350	9,196	4,188
Other income (expense):				
Interest expense	(9)	(18)	(27)	(25)
Interest income	295	373	874	985
Other - net	(628)	(68)	(737)	(169)
	-----	-----	-----	-----
	(342)	287	110	791
	-----	-----	-----	-----
Income before income taxes	3,277	1,637	9,306	4,979
Income taxes	1,120	617	3,291	1,824
	-----	-----	-----	-----
Net income	\$ 2,157	\$ 1,020	\$ 6,015	\$ 3,155
	=====	=====	=====	=====
Per share data:				
Basic earnings per share	\$0.18	\$0.09	\$0.51	\$0.27
	=====	=====	=====	=====
Diluted earnings per share	\$0.18	\$0.09	\$0.51	\$0.27
	=====	=====	=====	=====
Weighted-average shares	11,706	11,680	11,702	11,661
Effect of dilutive securities:				
employee stock options	52	96	100	89
	-----	-----	-----	-----
Adjusted weighted-average shares	11,758	11,776	11,802	11,750
	=====	=====	=====	=====

</TABLE>

The accompanying notes are an integral part of these statements.

4

GULF ISLAND FABRICATION, INC.
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)

<TABLE>
<CAPTION>

	Common Stock	Additional	Retained	Total
	Shares	Paid-In	Earnings	Shareholders'
	Amount	Capital		Equity
	-----	-----	-----	-----

	(in thousands, except share data)				
<S>	<C>	<C>	<C>	<C>	<C>
Balance at January 1, 2001	11,681,500	\$4,195	\$35,755	\$41,316	\$81,266
Exercise of stock options	24,764	32	283	--	315
Income tax benefit from exercise of stock options	--	--	59	--	59
Net income	--	--	--	6,015	6,015
	-----	-----	-----	-----	-----
Balance at September 30, 2001	11,706,264	\$4,227	\$36,097	\$47,331	\$87,655
	=====	=====	=====	=====	=====

</TABLE>

The accompanying notes are an integral part of these statements.

5

GULF ISLAND FABRICATION, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

<TABLE>
<CAPTION>

	Nine Months Ended September 30,	
	2001	2000
	(in thousands)	
<S>	<C>	<C>
Cash flows from operating activities:		
Net income	\$ 6,015	\$ 3,155
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	3,302	3,358
Amortization	325	206
Deferred income taxes	96	520
Changes in operating assets and liabilities:		
Contracts receivable	(10,326)	(917)
Contract retainage	(1,463)	2,988
Costs and estimated earnings in excess of billings on uncompleted contracts	1,072	1,088
Prepaid expenses, inventory and other assets	326	(300)
Accounts payable	33	(1,074)
Billings in excess of costs and estimated earnings on uncompleted contracts	1,403	(1,516)
Accrued employee costs	610	(121)
Accrued expenses	(598)	1,332
Income taxes payable	2,193	(437)
	-----	-----
Net cash provided by operating activities	2,988	8,282
Cash flows from investing activities:		
Capital expenditures, net	(3,222)	(1,859)
Proceeds on the sale of property	2,100	-
Purchase of short-term investments	(7,593)	(4,625)
Other	(50)	(187)
	-----	-----
Net cash used in investing activities	(8,765)	(6,671)
Cash flows from financing activities:		
Proceeds from exercise of stock options	374	460
	-----	-----
Net cash provided by financing activities	374	460
	-----	-----
Net increase (decrease) in cash and cash equivalents	(5,403)	2,071
Cash and cash equivalents at beginning of period	10,079	4,535
	-----	-----
Cash and cash equivalents at end of period	\$ 4,676	\$ 6,606
	=====	=====
Supplemental cash flow information:		
Interest paid	\$ 18	\$ 25
	-----	-----
Income taxes paid	\$ 940	\$ 1,616
	=====	=====

</TABLE>

The accompanying notes are an integral part of these statements.

6

GULF ISLAND FABRICATION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE THREE MONTH AND NINE MONTH

NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING PRINCIPLES

Gulf Island Fabrication, Inc. (the "Company"), together with its subsidiaries, is a leading fabricator of offshore drilling and production platforms and other specialized structures used in the development and production of offshore oil and gas reserves. Structures and equipment fabricated by the Company include jackets and deck sections of fixed production platforms; hull and deck sections of floating production platforms (such as tension leg platforms); piles; wellhead protectors; subsea templates; and various production, compressor and utility modules; and offshore living quarters. The Company, located in Houma, Louisiana, also provides services such as offshore interconnect pipe hook-up; inshore marine construction; manufacture and repair of pressure vessels; and steel warehousing and sales. Gulf Island Fabrication, Inc.'s principal markets are concentrated in the offshore regions of the Gulf of Mexico. The consolidated financial statements include the accounts of Gulf Island Fabrication, Inc. and its subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation.

The information presented at September 30, 2001 and for the three months and nine months ended September 30, 2001 and 2000, is unaudited. In the opinion of the Company's management, the accompanying unaudited financial statements contain all adjustments (consisting of normal recurring adjustments) that the Company considers necessary for the fair presentation of the Company's financial position at September 30, 2001 and the results of its operations for the three months and nine months ended September 30, 2001 and 2000, and its cash flows for the nine months ended September 30, 2001 and 2000. The results of operations for the three months and nine months ended September 30, 2001 are not necessarily indicative of the results that may be expected for the year ending December 31, 2001.

In the opinion of management, the financial statements included herein have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States for complete financial statements. For further information, refer to the consolidated financial statements and footnotes thereto included in the Company's annual report on Form 10-K for the year ended December 31, 2000.

NOTE 2 - CONTINGENCIES

The Company was one of four defendants in a lawsuit in which the plaintiff claimed that the Company improperly installed certain attachments to a jacket that it had fabricated for the plaintiff. In the third quarter, the Company and the other three defendants settled

7

this lawsuit with the plaintiff. The Company's contribution to this settlement was \$280,000, which was expensed in the third quarter. The Company reserved its right to seek, and intends to seek, recovery of legal fees and expenses from various underwriters. There are no assurances as to the size of the recovery, if any, with respect to this matter.

The Company is subject to other claims arising primarily in the normal conduct of its business. While the outcome of such claims cannot be determined, management does not expect that resolution of these matters will have a material adverse effect on the financial position or results of operations of the Company.

NOTE 3 - NEW ACCOUNTING STANDARD

In June 2001, the Financial Accounting Standards Board issued Statements of Financial Accounting Standards ("SFAS") No. 141, "Business Combinations", and SFAS No. 142, "Goodwill and Other Intangible Assets", effective for fiscal years beginning after December 15, 2001. Under the new rules, goodwill and intangible assets deemed to have indefinite lives will no longer be amortized but will be subject to annual impairment tests in accordance with the Statements. Other intangible assets will continue to be amortized over their useful lives. The Company currently does not have any other intangible assets deemed to have indefinite lives. The Company will apply the new rules on accounting for goodwill beginning in the first quarter of 2002. Application of the nonamortization provisions of the Statement is expected to result in an increase in net income of \$433,000 (\$0.04 diluted EPS) per year. During 2002, the Company will perform the required impairment tests of goodwill as of January 1, 2002, but has not yet determined what effect these tests will have on the earnings and financial position of the Company.

NOTE 4 - NOTES PAYABLE

Effective October 24, 2001, the Company's existing bank credit facility was amended and restated in order, among other reasons, to extend the maturity date

to December 31, 2003. The credit facility provides for a revolving line of credit (the "Revolver") of up to \$20.0 million that bears interest equal to, at the Company's option, the prime lending rate established by Bank One Corporation or LIBOR plus 1.5%. The Revolver is secured by a mortgage on the Company's real estate, equipment and fixtures. The Company pays a fee quarterly of three-sixteenths of one percent per annum on the weighted-average unused portion of the line of credit. The Company is required to maintain certain covenants, including balance sheet and cash flow ratios. At September 30, 2001, the Company was in compliance with these covenants and had no outstanding borrowings under the Revolver.

8

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS.

RESULTS OF OPERATIONS

The Company's revenue for the three-month and nine-month periods ended September 30, 2001 was \$30.5 million and \$92.3 million, an increase of 10.7% and 5.3%, respectively, compared to \$27.5 million and \$87.7 million in revenue for the three-month and nine-month periods ended September 30, 2000. Revenue increased as a result of the increase in the volume of direct labor hours applied to contracts in progress accompanied by increased prices available on several short-term contract jobs when comparing the three-month and the nine-month periods ended September 30, 2001 to the similar periods of 2000.

The more favorable weather conditions combined with the utilization of labor saving equipment enabled the Company to increase production volumes and profit margins. Also contributing to increased margins were increased product prices and deeper discounts from major suppliers of material and services. Gross profit increased \$2.3 million or 95.8% and \$5.2 million or 70.5% when comparing the three-month and nine-month periods ended September 30, 2001 to the comparative periods in 2000. For the three-month and nine-month periods ended September 30, 2001, gross profit was \$4.7 million (15.3% of revenue) and \$12.6 million (13.6% of revenue), compared to \$2.4 million (8.7% of revenue) and \$7.4 million (8.4% of revenue) of gross profit for the three-month and nine-month periods ended September 30, 2000.

The Company's general and administrative expenses were \$1.1 million for the three-month period ended September 30, 2001 and \$3.4 million for the nine-month period ended September 30, 2001. This compares to \$1.0 million for the three-month period ended September 30, 2000 and \$3.2 million for the nine-month period ended September 30, 2000. Although general and administrative expenses increased, the majority of the increases were related to costs that vary with sales volumes, primarily labor-related costs. As a percentage of revenue, general and administrative expenses decreased to 3.4% from 3.8% of revenue for the three-month periods ended September 30, 2001 and 2000, respectively, but increased to 3.7% from 3.6% of revenue for the comparative nine-month periods.

The Company had net interest income of \$286,000 and \$847,000 for the three-month and nine-month periods ended September 30, 2001, respectively, compared to \$355,000 and \$960,000 for the three-month and nine-month periods ended September 30, 2000. The current reduction in interest income is the result of a reduction in the short-term interest rates when comparing 2001 to 2000.

For the three-month period ended September 30, 2001, other-net, represented \$628,000 of expenses compared to \$68,000 of expenses for the three-month period ended September 30, 2000. For the nine-month period ended September 30, 2001, other-net, represented \$737,000 of expenses compared to \$169,000 of expenses for the nine-month period ended September 30, 2000. Included in other-net for the three months ended September 30, 2001 is \$280,000 for the settlement of the lawsuit that is described in Note 2-Contingencies to the consolidated financial statements. Also included in other-net is the Company's share of expenses related to the MinDOC, LLC activities to design and market the MinDOC floating platform concept for deepwater drilling and production, which was \$170,000 and \$279,000

9

compared to \$68,000 and \$169,000 for the three-month and nine-month periods ended September 30, 2001 and 2000, respectively.

LIQUIDITY AND CAPITAL RESOURCES

Historically the Company has funded its business activities through funds generated from operations and borrowings under its revolving line of credit. Net cash provided by operating activities was \$3.0 million for the nine months ended September 30, 2001, which contributed to a 24% increase in working capital to \$46.1 million, resulting in a current ratio of 4.3 to 1. Net cash used in investing activities for the nine months ended September 30, 2001 was \$8.8 million, which included \$2.1 million of proceeds on the sale of property, \$3.3 million for the purchase of production machinery and equipment and facility improvements, and \$7.6 million for the purchase of short-term investments. In June 2001, the Company sold its 13-acre facility located in Harvey, Louisiana,

which was occupied by Southport, Inc. prior to moving its operations to a facility in Houma, Louisiana.

The Company's credit agreement currently provides for a revolving line of credit of up to \$20.0 million that bears interest equal to, at the Company's option, the prime lending rate established by Bank One Corporation or LIBOR plus 1.5%. The revolving line of credit matures December 31, 2003 and is secured by a mortgage on the Company's real estate, equipment and fixtures. The Company pays a fee quarterly of three-sixteenths of one percent per annum on the weighted-average unused portion of the line of credit. The Company is required to maintain certain covenants, including balance sheet and cash flow ratios. At September 30, 2001, the Company was in compliance with these covenants and had no outstanding borrowings under the revolving line of credit.

Capital expenditures for the remaining three months of 2001 are budgeted to be approximately \$1.7 million, including improvements to the facilities and various other fabrication equipment. Management believes that its available funds, cash generated by operating activities and funds available under the revolving line of credit will be sufficient to fund these capital expenditures and its working capital needs. The Company may, however, expand its operations through future acquisitions that may require additional equity or debt financing.

FORWARD-LOOKING STATEMENTS

Statements under "Results of Operations" and "Liquidity and Capital Resources" and other statements in this report and the exhibits hereto that are not statements of historical fact are forward-looking statements. These statements involve risks and uncertainties that include, among others, the timing and extent of changes in the prices of crude oil and natural gas; the timing of new projects and the Company's ability to obtain them; competitive factors in the heavy marine fabrication industry; the Company's ability to successfully complete the testing, production and marketing of the MinDOC and other deep water production systems and to develop and provide financing for such systems that are acceptable to its customers; and the Company's ability to attract and retain qualified production employees at acceptable compensation rates. Changes in these factors could result in changes in the Company's performance and could cause the actual results to differ materially from those expressed in the forward-looking statements.

10

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

The Company was one of four defendants in a lawsuit in which the plaintiff claimed that the Company improperly installed certain attachments to a jacket that it had fabricated for the plaintiff. In the third quarter, the Company and the other three defendants settled this lawsuit with the plaintiff. The Company's contribution to this settlement was \$280,000, which was expensed in the third quarter. The Company reserved its right to seek, and intends to seek, recovery of legal fees and expenses from various underwriters. There are no assurances as to the size of the recovery, if any, with respect to this matter.

ITEM 5. OTHER INFORMATION.

On October 15, 2001 the Company announced the scheduled time for the release of its 2001 third quarter earnings and its quarterly conference call. The press release making this announcement is attached hereto as Exhibit 99.1.

On October 24, 2001 the Company announced its 2001 third quarter earnings and related matters. The press release making this announcement is attached hereto as Exhibit 99.2.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K.

(a) Exhibits.

- 10.1 Second Amendment to Eighth Amended and Restated Revolving Credit Agreement among the Company and Bank One, NA and Whitney National Bank dated October 24, 2001.
- 99.1 Press release issued by the Company on October 15, 2001 announcing the scheduled time for the release of its 2001 third quarter earnings and its quarterly conference call.
- 99.2 Press release issued by the Company on October 24, 2001 announcing its 2001 third quarter earnings and related matters.

(b) The Company filed no reports on Form 8-K during the quarter for which this report is filed.

11

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 thereunto duly authorized.

GULF ISLAND FABRICATION, INC.

By: /s/ Joseph P. Gallagher, III

Joseph P. Gallagher, III
Vice President - Finance, Chief Financial
Officer and Treasurer (Principal Financial
Officer and Duly Authorized Officer)

Date: November 8, 2001

12

GULF ISLAND FABRICATION, INC.

EXHIBIT INDEX

EXHIBIT NUMBER -----	DESCRIPTION OF EXHIBIT -----
10.1	Second Amendment to Eighth Amended and Restated Revolving Credit Agreement among the Company and Bank One, NA and Whitney National Bank dated October 24, 2001.
99.1	Press release issued by the Company on October 15, 2001 announcing the scheduled time for the release of its 2001 third quarter earnings and its quarterly conference call.
99.2	Press release issued by the Company on October 24, 2001 announcing its 2001 third quarter earnings and related matters.

E-1

SECOND AMENDMENT TO
EIGHTH AMENDED AND RESTATED
REVOLVING CREDIT AGREEMENT

THIS SECOND AMENDMENT TO EIGHTH AMENDED AND RESTATED REVOLVING CREDIT AGREEMENT (this "Second Amendment"), dated effective as of the 24/th/ day of October, 2001, is entered into by and among GULF ISLAND FABRICATION, INC., a Louisiana corporation ("Borrower"), GULF ISLAND, L.L.C., a Louisiana limited liability company ("Gulf Island Subsidiary"), DOLPHIN SERVICES, INC., a Louisiana corporation ("Dolphin"), SOUTHPORT, INC., a Louisiana corporation ("Southport"), GULF ISLAND MINDOC COMPANY, L.L.C. (formerly Vanguard Ocean Services, L.L.C.), a Louisiana limited liability company ("MinDOC"), GIF FINANCE, INC., a Delaware corporation ("GIF Finance" and together with Gulf Island Subsidiary, Dolphin, Southport, and MinDOC, each an "Existing Subsidiary" and, collectively, the "Existing Subsidiaries"), WHITNEY NATIONAL BANK, a national banking association ("Whitney"), BANK ONE, NA, a national banking association, in its individual capacity ("Bank One") (each of Whitney and Bank One individually, a "Bank" and collectively, "Banks"), and BANK ONE, NA, a national banking association, in its capacity as agent for Banks as set forth hereinafter ("Agent").

RECITALS:

A. Borrower, the Existing Subsidiaries other than GIF Finance, Whitney, and Bank One, in its capacity as a Bank and as Agent, entered into that certain Eighth Amended and Restated Revolving Credit Agreement, dated effective as of January 1, 2000 (the "Restated Credit Agreement");

B. Borrower, the Existing Subsidiaries other than GIF Finance, Banks, and Agent entered into that certain First Amendment to the Restated Credit Agreement, dated effective as of September 21, 2000 (collectively, with the Restated Credit Agreement, the "Amended Credit Agreement");

C. Borrower, the Existing Subsidiaries, Banks, and Agent desire to amend the Amended Credit Agreement (i) to extend the maturity date of the Revolving Credit Facility from December 31, 2002 to December 31, 2003; (ii) to add GIF Finance as a party to the Amended Credit Agreement; (iii) to permit the creation or existence of Debt by Gulf Island Subsidiary to GIF Finance, the aggregate amount of which shall not exceed \$40,000,000; (iv) to permit the creation or existence of Debt in the form of Bank Guaranty Indebtedness and Third-Party Letter of Credit Indebtedness, the aggregate amount of which shall not exceed \$30,000,000; and (v) to permit the creation or existence of Liens on cash collateral to secure Bank Guaranty Indebtedness and Third-Party Letter of Credit Indebtedness.

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

ARTICLE I

AMENDMENTS TO AMENDED CREDIT AGREEMENT

1. Preamble. The preamble of the Amended Credit Agreement is hereby

amended by adding "GIF Finance, Inc., a Delaware corporation", to the preamble, including such corporation within the meaning of Existing Subsidiary (as defined in the preamble), and defining such corporation as "GIF Finance."
2. Section 4.2. A new final sentence is hereby added to Section 4.2 of

the Amended Credit Agreement to provide: "This Section 4.2 shall not, however, apply to any payments received or collateral held by either Bank as the result of Bank Guaranty Indebtedness or Third-Party Letter of Credit Indebtedness owed by Borrower or any of its Subsidiaries to such Bank outside of the terms of this Agreement."
3. Section 5.4. Section 5.4 of the Amended Credit Agreement is hereby

amended by deleting the date "December 31, 1999" in each instance where such date appears in Section 5.4 and replacing such date with the date "December 31, 2000." Section 5.4 is further amended by deleting the date "June 30, 2000" in the second sentence thereof and replacing such date with "June 30, 2001."
4. Section 5.19. Section 5.19 of the Amended Credit Agreement is hereby

amended by deleting the phrase "incurred by MinDOC and solely binding upon MinDOC" from the first sentence thereof.

5. Section 5.22. Section 5.22 of the Amended Credit Agreement is hereby

amended by inserting the phrase "other than holders of Permitted Liens" after
the word "Persons".

6. Section 6.10. Section 6.10(c) of the Amended Credit Agreement is

hereby amended by revising the parenthetical phrase contained therein to
provide: "... (other than Permitted Debt owed by MinDOC or to GIF Finance)..."

7. Section 6.12. Section 6.12 of the Amended Credit Agreement is hereby

amended in its entirety to state:

6.12 Debt. Not create or permit to exist, and not allow any

of Borrower's Subsidiaries to create or permit to exist, any Debt
without the prior written consent of Banks if, as a result thereof,
the aggregate amount of Debt of Borrower and its Subsidiaries would
exceed \$1,000,000 exclusive of Permitted Debt.

8. Section 6.14. Section 6.14 of the Amended Credit Agreement is hereby

amended to delete the word "or" immediately preceding the number "(ii)", to
insert a comma immediately preceding the number "(ii)", and to add a new final
clause to Section 6.14 to provide: "... , or (iii) GIF Finance from engaging in
the business of financing Borrower's other Subsidiaries."

2

9. Section 6.22. A new Section 6.22 is hereby added to the Amended

Credit Agreement to provide:

6.22 Pledge of GIF Finance Accounts. If requested by Agent, GIF

Finance will within thirty days of GIF's receipt of such request, take
all steps necessary to perfect a first priority security interest in
GIF's deposit accounts and other similar accounts in favor of Agent on
behalf of the Banks and will obtain all third party consents in
connection with the perfection and priority of such security interest
as are reasonably requested by Agent.

10. Section 11.1. Section 11.1 of the Amended Credit Agreement is hereby

amended to substitute the following definitions for the former definitions of
"Excluded Subsidiaries", "Permitted Debt", and "Termination Date":

"Excluded Subsidiaries" means MINDOC, L.L.C., Southport of Houma,
L.L.C., GIF Properties, L.L.C., Deep Ocean Services, L.L.C., and GIF
International, LTD.

"Permitted Debt" means (i) Debt owed by MinDOC to the United States
Maritime Administration or which is guaranteed by the United States
Maritime Administration and which Debt is (x) non-recourse to Borrower
or any of its other Subsidiaries other than MinDOC and (y) secured by
Liens only on MinDOC's assets, (ii) Bank Guaranty Indebtedness and
Third-Party Letter of Credit Indebtedness in favor of either of the
Banks but not exceeding \$30,000,000 in aggregate principal amount for
Borrower and its Subsidiaries on a consolidated basis, and (iii) Debt
owed by Borrower's Subsidiaries to GIF Finance that (x) does not
exceed \$40,000,000 in the aggregate, (y) is unsecured, and (z) subject
to the terms of the Subordination Agreement.

"Termination Date" means December 31, 2003.

Section 11.1 of the Amended Credit Agreement is hereby further amended to delete
the word "and" following the semi-colon at the end of subsection (vii), to
substitute a semi-colon for the period at the end of subsection (viii), to
insert the word "and" following such semi-colon, and to add the following new
subsection (ix) of the definition of "Permitted Liens":

(xi) Liens on collateral consisting solely of cash, cash equivalents, and
freely-marketable investment securities securing Bank Guaranty
Indebtedness or Third- Party Letter of Credit Indebtedness, which
collateral cannot exceed the principal amount of the Bank Guaranty
Indebtedness or Third-Party Letter of Credit Indebtedness in question
plus 5%.

Section 11.1 of the Amended Credit Agreement is hereby further amended as to add
the following definitions:

3

"Bank Guaranty Indebtedness" means any obligation of Borrower or any of its Subsidiaries to reimburse the issuer of any bank guaranty issued outside of the United States for draws on such bank guaranty, including principal, interest, fees, costs, and expenses.

"Subordination Agreement" means that certain Subordination Agreement among Gulf Island Subsidiary, GIF Finance, and Agent, on behalf of the Banks, dated October 24, 2001.

"Third-Party Letter of Credit Indebtedness" means any obligation of Borrower or any of its Subsidiaries to reimburse the issuer of any letter of credit, other than letters of credit issued pursuant to this Agreement, for draws on such letter of credit, including principal, interest, fees, costs, and expenses. "Third-Party Letter of Credit Indebtedness" specifically includes any such obligation of Borrower or any of its Subsidiaries to reimburse either Bank for draws on letters of credit issued by such Bank outside of this Agreement.

ARTICLE II

SPECIAL REPRESENTATIONS AND WARRANTIES WITH RESPECT TO THIS SECOND AMENDMENT

In order to induce Banks and Agent to enter into this Second Amendment, Borrower and the Existing Subsidiaries represent and warrant to Banks that:

1. Borrower Authorization. Borrower is duly authorized to execute,

deliver and perform its obligations under this Second Amendment and is and will continue to be duly authorized to borrow monies and apply for Letters of Credit under and to perform its obligations under the Amended Credit Agreement, as amended by this Second Amendment and as it may be further amended from time to time.

2. Enforceability Against Borrower. This Second Amendment shall, upon

execution and delivery, constitute the legal, valid and binding obligation of Borrower, enforceable in accordance with its terms.

3. Existing Subsidiary Authorization. Each Existing Subsidiary is duly

authorized to execute, deliver and perform its obligations under this Second Amendment and is and will continue to be duly authorized to apply for Letters of Credit and to agree to the related reimbursement obligations under the Amended Credit Agreement, as amended by this Second Amendment and as it may be further amended from time to time.

4. Enforceability Against Existing Subsidiaries. This Second Amendment

shall, upon execution and delivery, constitute the legal, valid and binding obligation of each Existing Subsidiary enforceable in accordance with its terms.

4

ARTICLE III

CONDITIONS PRECEDENT TO EFFECTIVENESS OF THIS SECOND AMENDMENT

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

1. Borrower's Resolutions. Copies, duly certified by the Secretary or

Assistant Secretary of Borrower, of the resolutions of Borrower's Board of Directors authorizing the borrowings under the Amended Credit Agreement, as amended hereby, and the execution and delivery of this Second Amendment and the new Notes contemplated hereby;

2. Existing Subsidiaries' Resolutions. Copies, duly certified by the

Secretary or Assistant Secretary of each Existing Subsidiary, authorizing the borrowings under the Amended Credit Agreement, as amended hereby, and the execution and delivery of this Second Amendment and, in the case of GIF Finance, the Subordination Agreement and its Guaranty;

3. Notes. Borrower's duly executed Notes payable to the order of Banks,

in the form attached as Exhibits "C" and "D" hereto, with appropriate insertions;

4. Subordination Agreement. The Subordination Agreement, duly executed

by GIF Finance, in a form acceptable to Agent, and which shall constitute a "Collateral Document" for all purposes under the Amended Credit Agreement, as amended hereby;
5. GIF Finance Guaranty. A Guaranty, duly executed by GIF Finance,

pursuant to which GIF Finance guaranties all of Borrower's obligations under this Agreement and the other Loan Documents, in a form acceptable to Agent, and which shall constitute a "Collateral Document" for all purposes under the Amended Credit Agreement, as amended hereby;
6. No Default Certificate. Borrower's duly executed default and warranty

certificate;
7. Borrower's Incumbency Certificate. Certificates of Borrower's

Secretary or Assistant Secretary certifying the names of the officers of Borrower authorized to execute the documents or certificates to be delivered hereunder by Borrower, together with the true signatures of such officers; and
8. Existing Subsidiaries' Incumbency Certificate. Certificates of the

Secretary or Assistant Secretary of each Existing Subsidiary certifying the names of the officers of such Existing Subsidiary authorized to execute the documents or certificates to be delivered hereunder by such Existing Subsidiary, together with the true signatures of such officers.

5

ARTICLE IV

MISCELLANEOUS

1. Definitions. All terms used herein with initial capital letters and

not otherwise defined herein shall have the meanings ascribed to such terms in the Amended Credit Agreement.
2. Substitution of Exhibits and Schedules. Exhibits "C", "D", and "F"

of the Amended Credit Agreement are hereby deleted, and Exhibits "C", "D", and "F" attached hereto are hereby substituted in place thereof. Schedule 1 of the Amended Credit Agreement is hereby deleted, and Schedule 1 attached hereto is hereby substituted in place thereof.
3. Ratification of Notes and Liens. Borrower does hereby ratify,

reaffirm and acknowledge its obligations under the Notes, and Gulf Island Subsidiary does hereby further ratify, reaffirm and acknowledge its mortgage, pledge and/or assignment of, and/or grant of a security interest in, all Collateral heretofore provided by Gulf Island Subsidiary as security for the Notes and the other Obligations under the Amended Credit Agreement. Gulf Island Subsidiary does hereby further ratify, confirm and acknowledge to Agent and Banks that: (a) the mortgage, pledge and/or assignment of, and/or grant of a security interest in, all such Collateral is and shall remain in full force and effect; (b) the Collateral Documents to which Gulf Island Subsidiary is a party are and shall continue to be valid, binding and enforceable obligations of Gulf Island Subsidiary; (c) the Collateral Documents and the Collateral shall continue to secure, with the original ranks and priority, the Notes and the other Obligations of Borrower and the Existing Subsidiaries as renewed, rearranged, extended and now evidenced by the Notes executed of even date herewith in the forms attached hereto as Exhibits "C" and "D"; and (d) any references in the Collateral Documents to the Notes shall be deemed a reference to the Notes executed of even date herewith in the forms attached hereto as Exhibits "C" and "D".
4. Ratification of Existing Subsidiaries Continuing Guaranty. The

Existing Subsidiaries other than GIF Finance do hereby ratify, reaffirm and acknowledge their obligations under the Guaranty heretofore provided by the Existing Subsidiaries other than GIF Finance under the Amended Credit Agreement. The Existing Subsidiaries other than GIF Finance do hereby further ratify, reaffirm and acknowledge to Agents and Banks that: (a) the Guaranty is and shall remain in full force and effect; (b) the Guaranty to which the Existing Subsidiaries other than GIF Finance are a party is and shall continue to be valid, binding and an enforceable obligation of the Existing Subsidiaries other than GIF Finance.
5. No Other Changes. The Amended Credit Agreement as hereby amended is

hereby ratified and confirmed in all respects. Any reference to the Amended

Credit Agreement in any Loan Document shall be deemed to refer to the Amended Credit Agreement as amended hereby. The execution, delivery and effectiveness of this Second Amendment shall not, except as expressly provided herein, operate as a waiver of any right, power or remedy of Banks under the Amended Credit Agreement or any other Loan Document. Except as amended by this Second Amendment, the Amended Credit Agreement shall remain in full force and effect.

6

Nothing contained herein or in any other documents contemplated hereby shall be considered a novation or discharge of the debt of Borrower to Banks under the Amended Credit Agreement.

6. Counterparts. This Second Amendment may be executed in as many

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

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

BORROWER:

GULF ISLAND FABRICATION, INC.

By: /s/ Kerry J. Chauvin

Kerry J. Chauvin, Chairman & CEO

BANKS:

BANK ONE, NA

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

J. Charles Freel, Jr.,
First Vice President

WHITNEY NATIONAL BANK

By: /s/ Harry C. Stahel

Harry C. Stahel,
Senior Vice President

AGENT:

BANK ONE, NA

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

J. Charles Freel, Jr.,
First Vice President

7

EXISTING SUBSIDIARIES:

GULF ISLAND, L.L.C.

By: /s/ Kirk Meche

Kirk Meche, President & CEO

DOLPHIN SERVICES, INC.

By: /s/ Joseph P. Gallagher, III

Joseph P. Gallagher, III, Vice President

SOUTHPORT, INC.

By: /s/ Steve Becnel

Steve Becnel, President & CEO

GULF ISLAND MINDOC COMPANY, L.L.C.

By: /s/ Kerry J. Chauvin

Kerry J. Chauvin, Manager

GIF FINANCE, INC.

By: /s/ Joseph. P. Gallagher, III

Joseph P. Gallagher, III, President

For further information contact:

Kerry J. Chauvin
Chief Executive Officer
(985) 872-2100

Joseph "Duke" Gallagher
Chief Financial Officer
(985) 872-2100

FOR IMMEDIATE RELEASE
MONDAY, OCTOBER 15, 2001

GULF ISLAND FABRICATION, INC.
ANNOUNCES QUARTERLY CONFERENCE CALL
THURSDAY, OCTOBER 25, 2001

Houma, LA--(BUSINESS WIRE)--October 15, 2001--Gulf Island Fabrication, Inc. (NASDAQ: GIFI), today announced it will release third quarter earnings on Wednesday, October 24, 2001 during morning market hours.

The management of Gulf Island Fabrication, Inc. will hold a conference call on Thursday, October 25, 2001, at 9:00 a.m. Central Time (10:00 a.m. Eastern Time) to discuss the Company's financial results for the quarter and nine months ended September 30, 2001.

The call is accessible to the public by dialing 800-997-8642. If you are unable to participate, a replay will be available through November 1, 2001 by dialing 800-428-6051 and using the replay PIN# 211923.

This call is being webcast by CCBN and can be accessed at Gulf Island Fabrication, Inc.'s web site at www.gulfisland.com.

Gulf Island Fabrication, Inc., based in Houma, Louisiana, is a leading fabricator of offshore drilling and production platforms, offshore living quarters and other specialized structures used in the development and production of offshore oil and gas reserves. The Company also offers offshore interconnect pipe hook-up, inshore marine construction, manufacture and repair of pressure vessels, steel warehousing and sales construction, manufacture and repair of pressure vessels, steel warehousing and sales.

NEWS RELEASE

For further information contact:

Kerry J. Chauvin
Chief Executive Officer
(985) 872-2100

Joseph "Duke" Gallagher
Chief Financial Officer
(985) 872-2100

FOR IMMEDIATE RELEASE
WEDNESDAY, OCTOBER 24, 2001

GULF ISLAND FABRICATION, INC.
REPORTS THIRD QUARTER EARNINGS

Houma, LA - Gulf Island Fabrication, Inc. (NASDAQ: GIF1) today reported net income of \$2.2 million (\$.18 diluted EPS) on revenue of \$30.5 million for its third quarter ended September 30, 2001, compared to net income of \$1.0 million (\$.09 diluted EPS) on revenue of \$27.5 million for the third quarter ended September 30, 2000. Net income for the first nine months of 2001 was \$6.0 million (\$.51 diluted EPS) on revenue of \$92.3 million, compared to net income of \$3.2 million (\$.27 diluted EPS) on revenue of \$87.7 million for the first nine months of 2000.

Currently, the company has a revenue backlog of \$53.2 million and a labor backlog of approximately 900 thousand man-hours remaining to work.

SELECTED BALANCE SHEET INFORMATION
(in thousands)

	September 30, 2001	December 31, 2000
	-----	-----
Cash and short-term investments	\$ 28,293	\$ 26,103
Total current assets	60,127	47,546
Property, plant and equipment, at cost, net	40,482	42,662
Total assets	106,188	96,062
Total current liabilities	14,012	10,371
Debt	0	0
Shareholders' equity	87,655	81,266
Total liabilities and shareholders' equity	106,188	96,062

Gulf Island Fabrication, Inc., based in Houma, Louisiana, is a leading fabricator of offshore drilling and production platforms, offshore living quarters and other specialized structures used in the development and production of offshore oil and gas reserves. The Company also offers offshore interconnect pipe hook-up, inshore marine construction, manufacture and repair of pressure vessels, steel warehousing and sales.

Exhibit 99.2

GULF ISLAND FABRICATION, INC.
CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)
(in thousands, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2001	2000	2001	2000
	-----	-----	-----	-----
Revenue	\$30,496	\$27,544	\$92,321	\$87,665
Cost of revenue	25,826	25,159	79,731	80,282
Gross profit	4,670	2,385	12,590	7,383
General and administrative expenses	1,051	1,035	3,394	3,195
Operating income	3,619	1,350	9,196	4,188
Other income (expense):				
Interest expense	(9)	(18)	(27)	(25)
Interest income	295	373	874	985
Other - net	(628)	(68)	(737)	(169)
	(342)	287	110	791
Income before income taxes	3,277	1,637	9,306	4,979
Income taxes	1,120	617	3,291	1,824
Net income	\$ 2,157	\$ 1,020	\$ 6,015	\$ 3,155
	=====	=====	=====	=====
Per share data:				
Basic earnings per share	\$0.18	\$0.09	\$0.51	\$0.27

Diluted earnings per share (1)	=====	=====	=====	=====
	\$0.18	\$0.09	\$0.51	\$0.27
	=====	=====	=====	=====
Weighted-average shares	11,706	11,680	11,702	11,661
	=====	=====	=====	=====
Adjusted weighted-average shares (1)	11,758	11,776	11,802	11,750
	=====	=====	=====	=====
Depreciation and amortization included in expense above	\$ 1,222	\$ 1,165	\$ 3,627	\$ 3,564
	=====	=====	=====	=====

- -----

(1) The calculation of diluted earnings per share assumes that all stock options are exercised and that the assumed proceeds are used to purchase shares at the average market price for the period.