

GULF ISLAND FABRICATION INC
Form DEF 14A
March 16, 2012

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SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934 (Amendment No. __)

Filed by the Registrant x

Filed by a Party other than the Registrant "

Check the appropriate box:

- Preliminary Proxy Statement
- CONFIDENTIAL, FOR USE OF THE COMMISSION ONLY (AS PERMITTED BY RULE 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to § 240.14a-12

GULF ISLAND FABRICATION, INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

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(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

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(3) Filing Party:

(4) Date Filed:

SEC 1913 (04-05)

GULF ISLAND FABRICATION, INC.

567 THOMPSON ROAD

HOUMA, LOUISIANA 70363

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

TO BE HELD APRIL 26, 2012

TO THE SHAREHOLDERS OF GULF ISLAND FABRICATION, INC.:

The annual meeting of shareholders of Gulf Island Fabrication, Inc. (the Company) will be held at 10:00 a.m., local time, on Thursday, April 26, 2012, at the Company's headquarters located at 567 Thompson Road, Houma, Louisiana, for the following purposes, more fully described in the accompanying proxy statement:

1. To elect two Class III director nominees;
2. To approve, on an advisory basis, the compensation of our named executive officers;
3. To ratify the appointment of the Company's independent registered public accounting firm; and
4. To transact such other business as may properly come before the meeting and any adjournments thereof.

The Board of Directors has fixed the close of business on March 8, 2012 as the record date for the determination of shareholders entitled to notice of and to vote at the annual meeting and all adjournments thereof.

Your vote is important regardless of the number of shares you own. Whether or not you plan to attend the annual meeting, **please complete, date and sign the enclosed proxy card and return it promptly in the enclosed stamped envelope.** Furnishing the enclosed proxy will not prevent you from voting in person at the annual meeting should you wish to do so. To obtain directions to attend the annual meeting and vote in person, please contact Deborah Kern-Knoblock at (985) 872-2100.

By Order of the Board of Directors
DEBORAH KERN-KNOBLOCK

Houma, Louisiana

March 16, 2012

**IMPORTANT NOTICE REGARDING THE AVAILABILITY
OF THE PROXY MATERIALS FOR THE SHAREHOLDER
MEETING TO BE HELD ON APRIL 26, 2012.**

This proxy statement and the 2011 annual report are available at www.gulfisland.com/eproxy

GULF ISLAND FABRICATION, INC.

567 THOMPSON ROAD

HOUMA, LOUISIANA 70363

PROXY STATEMENT

ANNUAL MEETING OF SHAREHOLDERS

TO BE HELD APRIL 26, 2012

QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING AND VOTING

Q: Why am I receiving this proxy statement?

A: Gulf Island Fabrication, Inc.'s Board of Directors is soliciting your proxy to vote at the 2012 annual meeting of shareholders and at any adjournment thereof because you owned shares of our common stock at the close of business on March 8, 2012, the record date for determining shareholders entitled to vote at the annual meeting. The proxy statement, along with a proxy card or a voting instruction card, is being mailed to shareholders on or about March 16, 2012. We have also made these materials available to you on the internet. This proxy statement summarizes the information you need to know to vote at the annual meeting. You do not need to attend the annual meeting to vote your shares.

Q: When and where will the annual meeting be held?

A: The annual meeting will be held at 10:00 a.m., local time, on Thursday, April 26, 2012, at our headquarters located at 567 Thompson Road, Houma, Louisiana 70363.

Q: Who is soliciting my proxy?

A: Our Board of Directors is soliciting your vote on all matters scheduled to come before the 2012 annual meeting of shareholders, whether or not you attend in person. By completing and returning the proxy card or voting instruction card, you are authorizing the proxy holder to vote your shares at our annual meeting as you have instructed.

Q: On what matters will I be voting? How does the Board of Directors recommend that I cast my vote?

A: At the annual meeting, our shareholders will be asked to elect two Class III directors, approve, on an advisory basis, the compensation of our named executive officers, ratify the appointment of our independent registered public accounting firm and consider any other matter that properly comes before the annual meeting.

Our Board of Directors unanimously recommends that you vote:

FOR the election of the two Class III director nominees;

FOR the approval, on an advisory basis, of the compensation of our named executive officers; and

FOR the ratification of the appointment of our independent registered public accounting firm.

Q: How many votes may I cast?

A: You may cast one vote for every share of our common stock that you owned on March 8, 2012, the record date.

Q: How many shares are eligible to be voted?

A: As of the record date, we had 14,385,039 shares of our common stock outstanding, each of which is entitled to one vote.

Q: How many shares must be present to hold the annual meeting?

A: Under Louisiana law and our By-laws, the presence, in person or by proxy, of a majority of the outstanding shares of our common stock is necessary to constitute a quorum at the annual meeting. As of the record date, 7,192,520 shares constitute a majority of our outstanding stock entitled to vote at the annual meeting. The inspector of elections will determine whether a quorum is present. If you are a beneficial owner (as defined below) of shares of our common stock and you do not instruct your broker, bank or other nominee how to vote your shares on any of the proposals, your shares will be counted as present at the annual meeting for purposes of determining whether a quorum exists. In addition, votes of shareholders of record who are present at the annual meeting in person or by proxy will be counted as present at the annual meeting for purposes of determining whether a quorum exists, whether or not such holder abstains from voting on any or all of the proposals.

Q: What is the difference between holding shares as a shareholder of record and as a beneficial owner?

A: If your shares are registered directly in your name with our transfer agent, American Stock Transfer and Trust Company, you are considered, with respect to those shares, the shareholder of record. The proxy materials have been mailed to you by us.

If your shares are held in a stock brokerage account or by a bank or other nominee, you are considered the beneficial owner of shares held in street name. The proxy materials have been forwarded to you by the organization that holds your shares, which is considered, with respect to those shares, the shareholder of record. As the beneficial owner, you have the right to instruct your broker, bank or other nominee how to vote your shares by signing and returning the voting instruction card included in the mailing or by following their instructions for voting by telephone or Internet if offered by the broker, bank or other nominee.

Q: What happens if I don't vote for a proposal? What is discretionary voting? What is a broker non-vote?

A: If you properly execute and return a proxy or voting instruction card, your shares will be voted as you specify.

Shareholder of Record

If you are a shareholder of record and you complete and return your proxy card without giving specific voting instructions, then the proxy holders will vote your shares in the manner recommended by our Board on all matters presented in this proxy statement and as the proxy holders may determine in their discretion with respect to any other matters properly presented for a vote at the annual meeting.

Beneficial Owners of the Shares Held in Street Name

If you are a beneficial owner of shares held in street name and do not provide the broker, bank or other nominee that holds your shares with specific voting instructions, under the rules of various national and regional securities exchanges, the organization that holds your shares has discretion to vote on routine matters but cannot vote on non-routine matters. If the organization that holds your shares does not receive instructions from you on how to vote your shares on a non-routine matter, such organization will inform the inspector of elections that it does not have the authority to vote on this matter with respect to your shares. This is generally referred to as a broker non-vote.

Q: Which proposals are considered routine and which are considered non-routine ?

A: Under the applicable rules, the proposal relating to the ratification of our independent registered public accounting firm is the only routine matter being considered at the annual meeting. The proposals relating to the election of directors and the approval, on an advisory basis, of the compensation of our named executive officers

are non-routine matters. A broker, bank or other nominee cannot vote without instruction on non-routine matters, and therefore there may be broker non-votes on these proposals. Shares subject to broker non-votes will not be counted as votes for or against and will not be included in calculating the number of votes necessary for approval of such matters to be presented at the annual meeting; however, such shares will be considered present at the annual meeting for purposes of determining the existence of a quorum.

Q: What vote is required to approve each item?

A: The election of directors will be decided by plurality vote, that is, the two nominees receiving the highest number of affirmative votes will be elected. The approval, on an advisory basis, of the compensation of our named executive officers and the ratification of the appointment of our independent registered public accounting firm will be decided by a majority of votes actually cast. All other matters properly brought before the annual meeting for a vote of shareholders will be decided by a majority of the votes actually cast.

Abstentions and broker non-votes will have no effect on the voting calculations for any of the proposals.

Q: How do I vote?

A: You may vote using any of the following methods:

Proxy card or voting instruction card: Be sure to complete, sign and date your proxy card or voting instruction card and return it in the prepaid envelope provided.

By telephone or Internet: The availability of telephone and Internet voting for beneficial owners will depend on the voting processes of your broker, bank or other nominee. Therefore, we recommend that you follow the voting instructions in the materials you receive.

In person at the annual meeting: All shareholders may vote in person at the annual meeting. You may also be represented by another person at the annual meeting by executing a proper proxy designating that person. If you are a beneficial owner of shares, you must obtain a legal proxy from your broker, bank or other nominee and present it to the inspectors of election with your ballot when you vote at the annual meeting.

Q: Can I revoke or change my vote after I deliver my proxy?

A: Yes. Your proxy may be revoked or changed at any time before it is exercised by filing with our Secretary an instrument revoking it or a duly executed proxy bearing a later date, or by attending the annual meeting and voting in person.

Q: Who pays for soliciting proxies?

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A: We pay all expenses incurred in connection with the solicitation of proxies for the annual meeting. We will also request banks, brokers, and other nominees holding shares of our common stock beneficially owned by others to send these documents to, and obtain proxies from, the beneficial owners and will reimburse such holders for their reasonable expenses in so doing. Solicitation of proxies by mail may be supplemented by telephone, email and other electronic means, advertisements and personal solicitation by our directors, officers and employees. No additional compensation will be paid to directors, officers or employees for such solicitation efforts.

Q: Could other matters be decided at the annual meeting?

A: Our Board does not expect to bring any other matter before the annual meeting, and it is not aware of any other matter that may be considered at the annual meeting. Management has not received any notice that a shareholder desires to present any matter for action by shareholders at the annual meeting and is unaware of any matter for action by shareholders at the annual meeting other than the matters described in the accompanying

notice. The enclosed proxy will, however, confer discretionary authority with respect to any other matter that may properly come before the annual meeting or any adjournment thereof. It is the intention of the persons named in the enclosed proxy to vote in accordance with their best judgment on any such matter.

Q: What happens if the annual meeting is postponed or adjourned?

A: Unless a new record date is fixed, your proxy will be valid and may be voted at the annual meeting, whether postponed or adjourned. You will still be able to change or revoke your proxy until it is voted.

Q: I share an address with another shareholder, and we received only one paper copy of the proxy materials. How may I obtain an additional copy of the proxy materials?

A: Some banks, brokers and nominees are householding our proxy materials for their customers. This means that only one copy of our proxy materials may have been sent to multiple shareholders in your household. We will promptly deliver a separate copy of any of these documents to you if you call us at (985) 872-2100 or write to us at: Gulf Island Fabrication, Inc. 567 Thompson Road, Houma, Louisiana 70363.

If you would like to receive separate copies of the annual report and proxy statement in the future, or if you are receiving multiple copies and would like to receive only one copy for your household, you should contact your bank, broker, or other nominee or you may contact us at the above address and telephone number.

Shareholder Proposals and Nominations for 2013 annual meeting

Any shareholder who wishes to bring a matter, other than shareholder nominations of directors, before the 2013 annual meeting must notify our Secretary, in writing at the address shown on the first page of this proxy statement, no later than January 30, 2013. However, if the date of the 2013 annual meeting is changed by more than 30 calendar days from the date of the anniversary of the 2012 annual meeting, the notice must be received by our Secretary at least 45 days prior to the date we intend to distribute our proxy materials with respect to the 2013 annual meeting.

If a shareholder does not provide such notice timely, the chairman of the 2013 annual meeting may exclude the matter and, if the chairman so elects, the matter will not be acted upon at the meeting. If the chairman does not exclude the matter, proxies solicited on behalf of our Board of Directors for the 2013 annual meeting will confer discretionary authority to vote with respect to any such matter, as permitted by the proxy rules of the Securities and Exchange Commission (SEC).

Shareholders intending to nominate a director at the 2013 annual meeting of shareholders may do so if they comply with our Amended and Restated Articles of Incorporation by furnishing timely written notice containing specified information concerning, among other things, information about the nominee and the shareholder making the nomination. See Corporate Governance Consideration of Director Nominees for more information.

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Any shareholder who desires to present a proposal for inclusion in our proxy materials for the 2013 annual meeting must forward the proposal in writing to our Secretary at the address shown on the first page of this proxy statement in time to arrive no later than November 16, 2012, and the proposal must comply with applicable federal proxy rules.

CORPORATE GOVERNANCE

Ethics and Business Conduct Policies

We have adopted a Code of Ethics for our Chief Executive Officer and senior financial officers and a Code of Business Conduct and Ethics, which applies to all employees and directors, including our Chief Executive Officer and senior financial officers. These codes are posted on our website at www.gulfisland.com. Any substantive amendments to the Code of Ethics or any waivers granted under the Code of Ethics will be disclosed as required by applicable SEC rules and the listing standards of The Nasdaq Stock Market LLC (Nasdaq).

Board Structure and Committee Composition

Our Board of Directors met five times during 2011. Our Board has established two standing committees: an Audit Committee and a Compensation Committee. Each committee operates under a written charter adopted by our Board, and such charters are available on our website at www.gulfisland.com. The composition of Board committees is reviewed each year at the initial meeting of our Board after the annual meeting of shareholders. During 2011, each of our incumbent directors attended at least 75% of the aggregate of the total number of meetings of our Board and the total number of meetings held by all committees of our Board on which he served during the periods of his Board membership and committee service.

Audit Committee

During 2011, the Audit Committee consisted of the following four directors: Gregory J. Cotter (Chairman), Ken C. Tamblyn, John P. Laborde and Michael A. Flick. Each of these directors is independent as such term is defined in Nasdaq's listing standards, and also satisfies the additional requirements applicable to an audit committee member under the Nasdaq listing standards. Our Board has determined that Mr. Ken C. Tamblyn is an audit committee financial expert as such term is defined in the applicable rules of the SEC.

The Audit Committee met five times during 2011. The Audit Committee's primary function is to assist our Board in fulfilling its oversight responsibilities by monitoring (i) the continued development and performance of our system of financial reporting, auditing, disclosure controls and procedures and internal control over financial reporting, (ii) the operation and integrity of our financial reporting system, (iii) the performance and qualifications of our independent registered public accounting firm (external) and internal auditors, (iv) the independence of our independent registered public accounting firm, and (v) risk assessment.

Compensation Committee

The Compensation Committee consists of the following four directors: Gregory J. Cotter, Alden J. (Doc) Laborde (Chairman), John P. Laborde, and Christopher M. Harding. Each of these directors is independent as such term is defined in Nasdaq's listing standards. The Compensation Committee met one time during 2011. The Compensation Committee (i) reviews, approves and recommends to our Board goals and objectives relating to the compensation of our officers and the compensation of the president of each of our subsidiaries (including the specific relationship of corporate performance to such officers' compensation), (ii) evaluates at least annually the performance of our officers and the performance of the president of each of our subsidiaries in light of these goals and objectives, (iii) recommends to our Board the compensation of our officers and the compensation of the president of each of our subsidiaries based on such evaluations, (iv) grants awards under our incentive

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compensation plans and programs, (v) otherwise administers our incentive compensation plans and programs, and (vi) performs such other functions as may be prescribed by our Board.

The committee seeks the input of our Chief Executive Officer in connection with performance evaluations and compensation decisions for our other executive officers; however, our Chief Executive Officer is not present when the committee meets to evaluate his performance nor when our Board determines his compensation. The terms of our stock incentive plans permit the committee to delegate to appropriate personnel its authority to make awards to employees other than those subject to Section 16 of the Exchange Act. The committee has not delegated this authority to any individual.

Board Independence

Our Board has determined that eight of our current nine directors are independent as such term is defined in Nasdaq's listing standards. In making this determination, our Board evaluated responses to a questionnaire completed by each director regarding relationships and possible conflicts of interest between each director, us and management. In its review of director independence, our Board considered all commercial, industrial, banking, consulting, legal, accounting, charitable, and familial relationships any director may have with us or management. Mr. Kerry J. Chauvin, the Chairman of our Board and Chief Executive Officer, is not independent as defined by Nasdaq.

Board Leadership Structure

Our Board of Directors believes that Mr. Chauvin's service as both Chairman of our Board and Chief Executive Officer is in the best interest of the Company and our shareholders. Mr. Chauvin possesses detailed and in-depth knowledge of the issues, opportunities and challenges facing us and our businesses and is thus best positioned to develop agendas that ensure that our Board's time and attention are focused on the most critical matters. His combined role enables decisive leadership, ensures clear accountability, and enhances our ability to communicate our message and strategy clearly and consistently to our shareholders, employees, customers and suppliers, particularly during times of turbulent economic and industry conditions.

Each of the directors other than Mr. Chauvin is independent and our Board believes that the independent directors provide effective oversight of management. Moreover, in addition to feedback provided during the course of Board meetings, the independent directors are given the opportunity to meet in executive session at each regular board meeting or more frequently, as needed. The chairperson, or presiding director, for each of these executive sessions is chosen by the independent directors, by majority vote, immediately prior to the meeting. We believe that this approach effectively encourages full engagement of all directors in executive sessions, while avoiding unnecessary hierarchy and complements the combined CEO/Chairman structure. Following an executive session of independent directors, the presiding director acts as a liaison between the independent directors and the Chairman regarding any specific feedback or issues, provides the Chairman with input regarding agenda items for Board and Committee meetings, and coordinates with the Chairman regarding information to be provided to the independent directors in performing their duties. In addition, our two standing committees are composed entirely of independent directors, and have the power and authority to engage legal, financial and other advisors as they may deem necessary, without consulting or obtaining the approval of the full Board or management.

Board's Role in Risk Oversight

Risk is inherent with every business, and how well a business manages risk can ultimately determine its success. We face a number of risks, including economic, environmental and regulatory risks, as well as risks associated with the impact of competition and weather conditions. Management is responsible for the day-to-day management of risks we face, while our Board, as a whole and through its committees, has responsibility for the oversight of risk management. In its risk oversight role, our Board has the responsibility to satisfy itself that the risk management processes designed and implemented by management are adequate and functioning as designed.

The Board conducts certain risk oversight activities through its committees, which oversee specific areas and provide reports to the full Board regarding the committee's considerations and actions. The Audit Committee reviews and considers financial, accounting, internal controls and regulatory compliance risks, including those that could arise from our accounting and financial reporting processes. The Audit Committee also reviews and monitors risks through various reports presented by internal and external auditors. The Compensation Committee reviews and considers risks related to the Company's compensation policies, including incentive plans, to determine whether those plans subject the Company to excessive risks. Senior management attends the quarterly Board meetings and is available to address any questions or concerns raised by our Board on risk management-related and any other matters.

Consideration of Director Nominees

Our Board of Directors has elected not to have a separate nominating committee. Our Board made this determination after considering its nomination process and concluding that as many directors as possible should participate in that process. As stated above, our Board has determined that all of its current directors are independent under Nasdaq's listing standards other than Mr. Chauvin, who is not considered independent because he is an officer of the Company. Accordingly, our Board has decided that nominations of directors and related matters will be considered and voted upon by all of the independent directors while meeting in executive session. In this manner, should the proposed slate of directors be elected, all but one of the directors will be involved in the nominations process.

In evaluating the suitability of nominees for membership on our Board, the independent directors consider many factors, including personal and professional integrity, general understanding of and particular operational experience in the construction and oil and gas industries, finance and other elements relevant to the success of a publicly-traded company in today's business environment, educational and professional background, independence and an ability and willingness to work cooperatively with other members of our Board and with our senior management. The independent directors evaluate each individual in the context of our Board as a whole, with the objective of nominating persons for election to our Board who can best perpetuate the success of our business, be an effective director in conjunction with the full Board, and represent shareholder interests through the exercise of sound judgment.

The independent directors will regularly assess the appropriate size of our Board, and whether any vacancies on our Board are expected due to retirement or otherwise. In the event that any vacancies are anticipated, or otherwise arise, the independent directors will consider various potential candidates for director who may come to the attention of our Board through current board members, professional search firms, shareholders or other persons. Each candidate brought to the attention of our Board is considered on the basis of the criteria set forth above.

As set forth in our Corporate Governance Guidelines, our Board is open to suggestions from our shareholders on candidates for election to our Board. Any shareholder may suggest a nominee by sending the following information to our Board: (i) the proposing shareholder's name, address and telephone number, (ii) the number of shares of our common stock beneficially owned by the proposing shareholder and the suggested nominee, (iii) the suggested nominee's name, age, business and residential addresses and telephone number, (iv) a statement whether the suggested nominee knows that his or her name is being suggested by the proposing shareholder, and whether he or she has consented to being suggested and is willing to serve, (v) the suggested nominee's résumé or other description of his or her background and experience, and (vi) the proposing shareholder's reasons for suggesting that the individual be considered. The information should be sent to our Board addressed as follows: Secretary of Gulf Island Fabrication, Inc., 567 Thompson Road, Houma, Louisiana 70363, and our Secretary will forward the information to the independent directors. In addition, pursuant to an agreement with Aransas Partners (Aransas) entered into as part of our acquisition from Aransas on January 31, 2006, Aransas may recommend a candidate for nomination to our Board of Directors provided it and its affiliates continue to hold at least 5% of our common stock, and subject to our Board's ultimate determination of the candidate's suitability for nomination.

Our Amended and Restated Articles of Incorporation also permit shareholders to directly nominate directors for consideration at an annual shareholder meeting. In general, to be timely, a shareholder's notice must be in writing, must include certain specified information about the nominee and the shareholder making the nomination, and must be received by our Secretary at our principal executive offices no less than 45 days or more than 90 days prior to the shareholder meeting.

Communications with our Board; Meeting Attendance

Any shareholder may communicate with our Board (or with any individual director) by sending a letter by mail addressed to the Chairman of our Board of Gulf Island Fabrication, Inc., 567 Thompson Road, Houma, Louisiana 70363. The Chairman of our Board will forward the shareholder's communication directly to the appropriate director or directors.

Our Board has adopted a policy that recommends that all directors personally attend each annual and special meeting of our shareholders. At the last annual meeting of shareholders held on April 28, 2011, all of the directors were in attendance.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires our officers and directors, and persons who own more than 10% of a registered class of our equity securities, to file reports of ownership and changes in ownership with the SEC. Officers, directors and greater than 10% shareholders are required by the regulations of the SEC to furnish us with copies of all Section 16(a) reports they file. Based solely on its review of copies of such reports and written representations from certain persons that no other reports were required for those persons, we believe that all of our officers, directors and greater than 10% shareholders complied with the filing requirements applicable to such persons for the fiscal year ended December 31, 2011.

Compensation Committee Interlocks and Insider Participation

During the last fiscal year, none of Messrs. Alden J. Laborde (Chairman), Gregory J. Cotter, John P. Laborde, or Christopher M. Harding, who comprised the Compensation Committee, were officers or employees of the Company or any of its subsidiaries. Alden J. Laborde was our Chief Executive Officer from 1986 to 1990. No other member of the Compensation Committee is a former officer of the Company.

In connection with the initial public offering of our common stock, we entered into a registration rights agreement with Alden J. Laborde. If we propose to register any of our common stock under the Securities Act in connection with a public offering, Mr. Laborde may require us to include all or a portion of the shares of our common stock held by him. We have agreed under the registration rights agreement to pay all the expenses of registration, other than underwriting discounts and commissions.

DIRECTOR COMPENSATION

For 2011, each non-employee director, except Messrs. Cotter and Tamblin, received an annual fee of \$22,000 for his services as a director. Mr. Cotter, as Chairman of the Audit Committee, and Mr. Tamblin, as the Audit Committee Financial Expert, each received an annual fee of \$24,000. In addition, each non-employee director received an attendance fee of \$2,000 for each Board or committee meeting attended in person and \$1,000 for each meeting attended via telephone conference call. All directors are reimbursed for reasonable out-of-pocket expenses incurred in attending Board and committee meetings.

The table below summarizes the compensation paid to each person serving as a director during 2011, with the exception of Mr. Chauvin. Mr. Chauvin did not receive any compensation as a director and his compensation as an executive of the Company is fully reflected in the 2011 Summary Compensation Table on page 21. Pursuant to an agreement between Mr. Wishart and his past employer, G.L. Noble Denton, \$20,000 of compensation earned by Mr. Wishart as a director of the Company during 2011 was paid directly to G.L. Noble Denton. Mr. Wishart is no longer employed with G.L. Noble Denton and now receives compensation directly.

2011 Director Compensation

Name	Fees Earned or Paid in	
	Cash (\$)	Total (\$)
Mr. Cotter	41,500	41,500
Mr. Dumas (1)	4,667	4,667
Mr. Flick	39,500	39,500
Mr. Harding	30,500	30,500
Mr. A. Laborde (2)	32,500	32,500
Mr. J. Laborde	39,500	39,500
Mr. Tamblyn	39,500	39,500
Mr. Wishart	28,500	28,500

- (1) Mr. Dumas was appointed to the Board of Directors effective August 1, 2011.
(2) As previously announced, Mr. A. Laborde will not stand for re-election at the 2012 annual meeting of shareholders.

PROPOSAL 1: ELECTION OF DIRECTORS

Our Amended and Restated Articles of Incorporation provide for a Board of Directors consisting of three classes, with the number of directors to be set forth in our By-laws. With Mr. A. Laborde's announcement that he will retire from the Board of Directors effective at the 2012 annual meeting, we intend to amend our By-laws and adopt resolutions to provide that the number of directors shall be reduced to eight effective at the annual meeting. The term of office of the Class III directors will expire at the annual meeting, and, in accordance with the recommendations of the independent directors, our Board has nominated the two persons listed as the Class III nominees in the table below for election to our Board of Directors for a term expiring in 2015.

Proxies cannot be voted for more than two candidates. In the absence of contrary instructions, the proxy holders will vote for the election of the two nominees listed below. In the unanticipated event that any nominee is unavailable as a candidate for director, the persons named in the accompanying proxy will vote for a substitute candidate nominated by our Board of Directors.

Under our By-Laws, directors are elected by a plurality vote, with the two Class III director nominees who receive the most votes being elected.

Our Board of Directors recommends that shareholders vote FOR the election of the nominees.

Information about the Directors and Executive Officers

The following table sets forth, as of March 8, 2012, for each nominee, each other director of the Company whose term will continue after the annual meeting and each of our executive officers, the age, positions with us, and principal occupations and employment during the past five years, any family relationships among such persons, and, if a nominee or a director, each person's directorships in other public corporations during the past five years and the year that he was first elected a director of us or our predecessor. We have also included information about each director and nominee's specific experience, qualifications, attributes, or skills that led our Board to conclude that he or she should serve as one of our directors at the time we file our proxy statement, in light of our business and structure. All executive officers serve at the pleasure of our Board of Directors.

Name and Age	Positions with the Company, Principal Occupations, Directorships in Other Public Companies, and Family Relationships	Director Since
Nominees for Election as Class III Directors (term expires in 2015)		
Kerry J. Chauvin, 64	Chairman of our Board since April 2001. Chief Executive Officer of the Company since January 1990. President of the Company from our inception in 1985 to January 2009. Mr. Chauvin's experience in the energy and construction industries provided him with knowledge of operations and managing and overseeing the expansion of businesses making him highly qualified to serve as a member of our Board of Directors.	1985
Jerry D. Dumas, Sr., 76	Chairman of the Board of W3 Media Group. Chairman of the Board, President and Chief Executive Officer from 1998 to 2009 and non-executive Chairman of the Board from 2009 to 2010 of Flotek Industries. Vice President of Corporate and Executive Services of Merrill Lynch from 1988 to 1998. Served in various capacities, including Group Division President of Hughes Tool Company (now Baker Hughes Incorporated), a position responsible for the offshore division and the drilling fluids and chemical group, from 1968 to 1985. Mr. Dumas's extensive career in the financial and oil and gas industries as well as his experience managing a publicly traded company provided him with knowledge of risk management, finance and operations and makes him a valued member of our Board of Directors.	2011

Name and Age	Positions with the Company, Principal Occupations, Directorships in Other Public Companies, and Family Relationships	Director Since
Continuing Class I Directors (term expires in 2013)		
Ken C. Tamblyn, 68	<p>Private Investor. Member of the Board of Directors and Chairman of the Audit Committee of the Bristow Group, Inc. Member of the Board of Directors and Chairman of the Audit Committee for Howell Corporation from 2001 until 2002, when it was acquired by Anadarko Petroleum Corporation. Executive Vice President and Chief Financial Officer of Tidewater, Inc. from 1986 until 2000. Audit Partner and Certified Public Accountant with Peat, Marwick, Mitchell & Co., a predecessor of KPMG from 1966 until 1986.</p> <p>Mr. Tamblyn's experience in the finance and insurance industries, specifically related to energy and construction services, provided him with knowledge of international operations, financial reporting, accounting and controls making him highly qualified to serve on the Audit Committee as its financial expert and as a member of our Board of Directors.</p>	2003
John A. Wishart, 53	<p>Energy Director of Lloyd's Register since December 2011. Group Managing Director (Chief Executive Officer) of G.L. Noble Denton from October 2008 to October 2011. President and Chief Executive Officer of Technip USA until October 2008. Employed by Technip USA beginning in 1999 in various executive capacities, including Senior Vice President Engineering & Services for Technip USA, and Senior Vice President Engineering and Vice President, Engineering Operations for Technip Offshore Inc.</p> <p>Mr. Wishart's extensive career in the engineering and construction industries provided him with knowledge of international operations making him a valued member of our Board of Directors.</p>	2006
Michael A. Flick, 64	<p>Private Investor. Member of the Board of Directors, Chairman of the Compensation Committee and Member of the Audit Committee of the Bristow Group, Inc. From 1970 to 1998 employed by First Commerce Corporation and First National Bank of Commerce, its wholly-owned subsidiary, in various executive capacities including Chief Financial Officer and Chief Credit Policy Officer and Executive Vice President and Chief Administrative Officer.</p> <p>Mr. Flick's experience in the banking and financial services industries provided him with extensive knowledge of financial reporting, legal and audit compliance and risk management making him highly qualified to serve as a member of the Audit Committee and our Board of Directors.</p>	2007

Name and Age	Positions with the Company, Principal Occupations, Directorships in Other Public Companies, and Family Relationships	Director Since
Continuing Class II Directors (term expires in 2014)		
Gregory J. Cotter, 63	Financial Consultant since January 2009. Employed by Huey Wilson Interest, Inc. and its affiliates in various executive capacities, including Director, President, Chief Operating Officer and Chief Financial Officer from 1989 through December 2008. Senior Vice-President and Chief Financial Officer of H.J. Wilson Co. Inc. from August 1977 to May 1985.	1985
John P. (Jack) Laborde, 62	<p>Mr. Cotter's extensive career in the banking and financial industries provided him with a knowledge of financial reporting, accounting and controls as well as a knowledge of operations making him highly qualified to lead the Audit Committee and serve as a member of the Compensation Committee and our Board of Directors.</p> <p>President of Overboard Holdings, L.L.C. (Overboard), a management company engaged in oil and gas exploration and development since January 2002. President since 1997 of All Aboard Development Corporation (All Aboard), an independent oil and gas exploration and production company. All Aboard is currently being managed by Overboard. Employed by the Company from 1992 until 1996 in various capacities, including International Marketing Manager.</p> <p>Mr. Laborde's knowledge of engineering, construction and oil and gas operations as well as his experience managing and overseeing the expansion of businesses makes him a valued member of our Board of Directors and the Audit and Compensation Committees.</p>	1997
Christopher M. Harding, 60	<p>President, Global Business Streams for G.L. Noble Denton since January 2010 and Regional Managing Director, Americas for G.L. Noble Denton from February 2009 until January 2010. Independent Consultant from 2004 until 2009. President of the engineering division of Technip USA from 1999 to 2004. Founder and President of Genesis Oil & Gas Consultants, a privately-owned consulting and engineering company servicing both independent and major oil and gas companies, from 1988 until acquired by Technip USA in 1998.</p> <p>Mr. Harding's experience in the engineering and construction industries and in international operations gives him the skills necessary to serve as a member of our Board of Directors and the Compensation Committee.</p>	2007

Name and Age	Positions with the Company, Principal Occupations,	Director
	Directorships in Other Public Companies, and Family Relationships	Since
Current Executive Officers not Serving as Directors		
Kirk J. Meche, 49	President of the Company and Chief Operating Officer since January 2009. Executive Vice President Operations of the Company from 2001 to January 2009. President and Chief Executive Officer of Gulf Marine Fabricators, L.P., a wholly-owned fabrication subsidiary of the Company, from February 2006 to October 2006. President and Chief Executive Officer of Gulf Island, L.L.C., a wholly-owned fabrication subsidiary of the Company, from February 2001 until January 2006.	N/A
Roy F. Breerwood, III, 38	Interim Chief Financial Officer and Treasurer of the Company since February 2012. Controller since October 2007 and Accounting Manager from July 2002 to October 2007.	N/A
William G. Blanchard, 53	President and Chief Executive Officer of Gulf Island, L.L.C. since February 2006. Estimating Department Manager of Gulf Island, L.L.C. from January 2000 until January 2006.	N/A
Francis A. Smith, Jr. 62	President and Chief Executive Officer of Gulf Marine Fabricators, L.P. since March 2009. Independent Consultant from July 2004 to March 2009. Prior to July 2004, Mr. Smith held various positions with J. Ray McDermott and McDermott, Inc.	N/A

STOCK OWNERSHIP

The following table sets forth, as of February 29, 2012, certain information regarding beneficial ownership of our common stock by (i) each of our directors and director nominees, (ii) each of our named executive officers, (iii) all of our directors and executive officers as a group, and (iv) each other shareholder known by us to be the beneficial owner of more than 5% of our outstanding common stock. Unless otherwise indicated, we believe that the shareholders listed below have sole investment and voting power with respect to their shares based on filings with the SEC and information furnished to us by such shareholders.

<u>Name of Beneficial Owner</u>	<u>Number of Shares Beneficially Owned(1)</u>	<u>Percent of Outstanding Common Stock(2)</u>
<i>Directors and Executive Officers:</i>		
William G. Blanchard	17,626	*
Kerry J. Chauvin	204,272	1.4%
Gregory J. Cotter	5,000	*
Jerry D. Dumas	2,000	*
Michael A. Flick	1,000	*
Christopher M. Harding	0	*
Alden J. Laborde (3)	1,060,452(4)	7.4%
John P. Laborde	10,000(5)	*
Kirk J. Meche	70,452	*
Robin A. Seibert (6)	23,290	