

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, NOVEMBER 1, 2006

GULF ISLAND FABRICATION, INC. **REPORTS THIRD QUARTER EARNINGS**

Houma, LA – Gulf Island Fabrication, Inc. (NASDAQ: GIFI) today reported net income of \$10.5 million (\$.75 diluted EPS) on revenue of \$90.5 million for its third quarter ended September 30, 2006, compared to net income of \$2.2 million (\$.18 diluted EPS) on revenue of \$37.5 million for the third quarter ended September 30, 2005. Net income for the first nine months of 2006 was \$18.6 million (\$1.34 diluted EPS) on revenue of \$237.8 million, compared to net income of \$10.3 million (\$.83 diluted EPS) on revenue of \$147.1 million for the first nine months of 2005. Included in the Consolidated Statements of Income for the nine months ended September 30, 2006, under the "Other Income (Expense)" section, is the \$983,000 gain resulting from the sale of the Company's interest in MinDOC, L.L.C., effective January 23, 2006.

The company had a revenue backlog of \$417.3 million and a labor backlog of approximately 3.8 million man-hours remaining to work, which consist of work remaining at September 30, 2006 and commitments received since September 30, 2006.

SELECTED BALANCE SHEET INFORMATION

(in thousands)

	September 30, 2006	December 31, 2005
Cash and short-term investments	\$ 6,282	\$ 35,901
Total current assets	88,315	103,412
Property, plant and equipment, at cost, net	153,060	59,744
Total assets	242,855	163,806
Total current liabilities	37,574	16,271
Debt	0	0
Shareholders' equity	195,928	138,265
Total liabilities and shareholders' equity	242,855	163,806

The management of Gulf Island Fabrication, Inc. will hold a conference call today November 1, 2006 at 9:00 a.m. Central Time (10:00 a.m. Eastern Time) to discuss the Company's financial results for the quarter ended September 30, 2006. The call is accessible by webcast (www.gulfisland.com) through CCBN and by dialing **1.800.946.0705**. **A digital rebroadcast of the call is available two hours after the call and ending November 14, 2006 by dialing 1.888.203.1112, replay passcode: 1182943.**

Gulf Island Fabrication, Inc., based in Houma, Louisiana, is a leading fabricator of offshore drilling and production platforms, hull and/or deck sections of floating production platforms and other specialized structures used in the development and production of offshore oil and gas reserves. These structures include jackets and deck sections of fixed production platforms; hull and/or deck sections of floating production platforms (such as tension leg platforms ("TLPs")), "SPARs, FPSOs", piles, wellhead protectors, subsea templates and various production, compressor and utility modules, offshore living quarters, tanks and barges. The Company also provides offshore interconnect pipe hook-up, inshore marine construction, manufacture and repair of pressure vessels, heavy lifts such as ship integration and TLP module integration, loading and offloading of jack-up drilling rigs, semi-submersible drilling rigs, TLP's, SPARs, or other similar cargo, onshore and offshore scaffolding, piping insulation services, and steel warehousing and sales.

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,	
	2006	2005	2006	2005
Revenue	\$ 90,494	\$ 37,475	\$ 237,818	\$ 147,119
Cost of revenue	<u>72,859</u>	<u>32,872</u>	<u>204,870</u>	<u>127,575</u>
Gross profit	17,635	4,603	32,948	19,544
General and administrative expenses	<u>2,638</u>	<u>1,492</u>	<u>6,825</u>	<u>4,378</u>
Operating income	14,997	3,111	26,123	15,166
Other income (expense):				
Interest expense	(130)	(9)	(419)	(45)
Interest income	54	358	227	955
Other	<u>77</u>	<u>(3)</u>	<u>1,062</u>	<u>(5)</u>
	<u>1</u>	<u>346</u>	<u>870</u>	<u>905</u>
Income before income taxes	14,998	3,457	26,993	16,071
Income taxes	<u>4,522</u>	<u>1,245</u>	<u>8,411</u>	<u>5,786</u>
Net income	<u>\$ 10,476</u>	<u>\$ 2,212</u>	<u>\$ 18,582</u>	<u>\$ 10,285</u>
Per share data:				
Basic earnings per share:	<u>\$ 0.75</u>	<u>\$ 0.18</u>	<u>\$ 1.35</u>	<u>\$ 0.84</u>
Diluted income per share:	<u>\$ 0.75</u>	<u>\$ 0.18</u>	<u>\$ 1.34</u>	<u>\$ 0.83</u>
Weighted-average shares	13,948	12,255	13,743	12,231
Effect of dilutive securities: employee stock options	<u>92</u>	<u>129</u>	<u>110</u>	<u>122</u>
Adjusted weighted-average shares	<u>14,040</u>	<u>12,384</u>	<u>13,853</u>	<u>12,353</u>
Depreciation and amortization included in expense above	<u>\$ 3,331</u>	<u>\$ 1,587</u>	<u>\$ 9,267</u>	<u>\$ 4,705</u>
Cash dividend declared per common share	<u>\$ 0.075</u>	<u>\$ 0.075</u>	<u>\$ 0.225</u>	<u>\$ 0.225</u>