

NEWS RELEASE

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FOR IMMEDIATE RELEASE
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GULF ISLAND FABRICATION, INC. **REPORTS SECOND QUARTER EARNINGS**

Houma, LA – Gulf Island Fabrication, Inc. (NASDAQ: GIFI) today reported net income of \$11.9 million (\$.83 diluted EPS) on revenue of \$117.9 million for its second quarter ended June 30, 2008, compared to net income of \$7.9 million (\$.55 diluted EPS) on revenue of \$137.6 million for its second quarter ended June 30, 2007. Net income for the first six months of 2008 was \$25.3 million (\$1.77 diluted EPS) on revenue of \$241.7 million, compared to net income of \$12.3 million (\$.86 diluted EPS) on revenue of \$246.9 million for the first six months of 2007.

The company had a revenue backlog of \$437.7 million and a labor backlog of approximately 4.6 million man-hours remaining to work, which consist of work remaining at June 30, 2008 and commitments received since June 30, 2008.

SELECTED BALANCE SHEET INFORMATION

(in thousands)

| | June 30, 2008 | December 31, 2007 |
|---|------------------|----------------------|
| Cash and short-term investments | \$ 19,754 | \$ 24,640 |
| Total current assets | 128,025 | 135,747 |
| Property, plant and equipment, at cost, net | 197,739 | 188,766 |
| Total assets | 326,465 | 325,213 |
| Total current liabilities | 53,979 | 78,363 |
| Debt | 0 | 0 |
| Shareholders' equity | 253,224 | 228,913 |
| Total liabilities and shareholders' equity | 326,465 | 325,213 |

The management of Gulf Island Fabrication, Inc. will hold a conference call tomorrow July 25, 2008 at 9:00 a.m. Central Time (10:00 a.m. Eastern Time) to discuss the Company's financial results for the quarter ended June 30, 2008. The call is accessible by webcast (www.gulfisland.com) through CCBN and by dialing **1.888.661.5127**. **A digital rebroadcast of the call is available two hours after the call and ending August 8, 2008 by dialing 1.888.203.1112, replay passcode: 8124669.**

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, MinDOCs); piles; wellhead protectors; subsea templates; various production, compressor and utility modules; offshore living quarters; brown water tow boats; 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, TLPs, 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 June 30, | | Six Months Ended June 30, | |
|---|--------------------------------|-----------------|------------------------------|------------------|
| | 2008 | 2007 | 2008 | 2007 |
| Revenue | \$ 117,924 | \$ 137,572 | \$ 241,652 | \$ 246,945 |
| Cost of revenue | <u>97,863</u> | <u>123,429</u> | <u>198,397</u> | <u>224,292</u> |
| Gross profit | 20,061 | 14,143 | 43,255 | 22,653 |
| General and administrative expenses | <u>2,551</u> | <u>2,810</u> | <u>5,269</u> | <u>5,117</u> |
| Operating income | 17,510 | 11,333 | 37,986 | 17,536 |
| Other income (expense): | | | | |
| Interest expense | (7) | (8) | (13) | (19) |
| Interest income | 36 | 161 | 145 | 280 |
| Other | <u>5</u> | <u>(1)</u> | <u>(55)</u> | <u>(5)</u> |
| | <u>34</u> | <u>152</u> | <u>77</u> | <u>256</u> |
| Income before income taxes | 17,544 | 11,485 | 38,063 | 17,792 |
| Income taxes | <u>5,672</u> | <u>3,624</u> | <u>12,751</u> | <u>5,516</u> |
| Net income | <u>\$ 11,872</u> | <u>\$ 7,861</u> | <u>\$ 25,312</u> | <u>\$ 12,276</u> |
| Per share data: | | | | |
| Basic earnings per share: | <u>\$ 0.83</u> | <u>\$ 0.56</u> | <u>\$ 1.78</u> | <u>\$ 0.87</u> |
| Diluted income per share: | <u>\$ 0.83</u> | <u>\$ 0.55</u> | <u>\$ 1.77</u> | <u>\$ 0.86</u> |
| Weighted-average shares | 14,251 | 14,152 | 14,235 | 14,140 |
| Effect of dilutive securities: employee stock options | <u>78</u> | <u>121</u> | <u>65</u> | <u>126</u> |
| Adjusted weighted-average shares | <u>14,329</u> | <u>14,273</u> | <u>14,300</u> | <u>14,266</u> |
| Depreciation and amortization included in expense above | <u>\$ 4,254</u> | <u>\$ 3,492</u> | <u>\$ 8,430</u> | <u>\$ 6,918</u> |
| Cash dividend declared per common share | <u>\$ 0.100</u> | <u>\$ 0.100</u> | <u>\$ 0.200</u> | <u>\$ 0.200</u> |