

Kirby Corporation

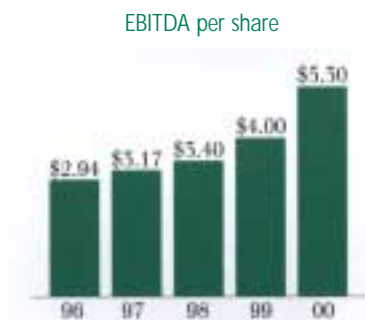
2000 Annual Report



Historical Financial Highlights:

	For the years ended December 31,				
(In thousands, except per share amounts)	2000	1999	1998	1997	1996
Revenues:					
Marine transportation	\$ 443,203	\$ 290,956	\$ 244,839	\$ 256,108	\$ 249,594
Diesel engine services	69,441	74,648	82,241	79,136	70,422
	<u>\$ 512,644</u>	<u>\$ 365,604</u>	<u>\$ 327,080</u>	<u>\$ 335,244</u>	<u>\$ 320,016</u>
Net earnings from continuing operations	\$ 34,113	\$ 21,441	\$ 10,109	\$ 22,705	\$ 21,208
Net earnings (loss) from discontinued operations	—	—	—	(1,023)	6,021
Net earnings	<u>\$ 34,113</u>	<u>\$ 21,441</u>	<u>\$ 10,109</u>	<u>\$ 21,682</u>	<u>\$ 27,229</u>
Net earnings (loss) per share (diluted):					
Net earnings from continuing operations	\$ 1.39	\$ 1.01	\$.46	\$.92	\$.82
Net earnings (loss) from discontinued operations	—	—	—	(.04)	.24
Net earnings	<u>\$ 1.39</u>	<u>\$ 1.01</u>	<u>\$.46</u>	<u>\$.88</u>	<u>\$ 1.06</u>
Earnings before interest, taxes, depreciation and amortization (EBITDA) from continuing operations	<u>\$ 129,933</u>	<u>\$ 79,508</u>	<u>\$ 56,296</u>	<u>\$ 77,964</u>	<u>\$ 75,799</u>
EBITDA per share from continuing operations (diluted)	<u>\$ 5.29</u>	<u>\$ 3.73</u>	<u>\$ 2.55</u>	<u>\$ 3.17</u>	<u>\$ 2.94</u>
Weighted average shares outstanding (diluted)	<u>24,566</u>	<u>21,293</u>	<u>22,113</u>	<u>24,594</u>	<u>25,781</u>

Financial Highlights Before Unusual Charges:



	For the years ended December 31,				
(In thousands, except per share amounts)	2000	1999	1998	1997	1996
Net earnings from continuing operations	\$ 34,113	\$ 21,441	\$ 10,109	\$ 22,705	\$ 21,208
Unusual charges, net of taxes:					
Impairment of offshore vessels under SFAS No. 121	—	692	5,416	—	—
Loss on sale of Universal Insurance Company	—	—	6,849	—	—
Merger related charges	130	2,912	—	—	—
Net earnings from continuing operations before unusual charges	<u>\$ 34,243</u>	<u>\$ 25,045</u>	<u>\$ 22,374</u>	<u>\$ 22,705</u>	<u>\$ 21,208</u>
Net earnings per share from continuing operations before unusual charges (diluted)	<u>\$ 1.39</u>	<u>\$ 1.18</u>	<u>\$ 1.01</u>	<u>\$.92</u>	<u>\$.82</u>
EBITDA from continuing operations	\$ 129,933	\$ 79,508	\$ 56,296	\$ 77,964	\$ 75,799
Unusual charges before taxes:					
Impairment of offshore vessels under SFAS No. 121	—	1,065	8,333	—	—
Loss on sale of Universal Insurance Company	—	—	10,536	—	—
Merger related charges	199	4,502	—	—	—
EBITDA from continuing operations before unusual charges	<u>\$ 130,132</u>	<u>\$ 85,075</u>	<u>\$ 75,165</u>	<u>\$ 77,964</u>	<u>\$ 75,799</u>
EBITDA per share from continuing operations before unusual charges (diluted)	<u>\$ 5.30</u>	<u>\$ 4.00</u>	<u>\$ 3.40</u>	<u>\$ 3.17</u>	<u>\$ 2.94</u>

Marine Transportation – Kirby Inland Marine, Inc.

Services Offered

Kirby Corporation, through its subsidiary Kirby Inland Marine, Inc., is the largest, one of the fastest growing and most efficient transporter of bulk liquid products on the Mississippi River System and Gulf Intracoastal Waterway. Kirby is one of only a few carriers capable of servicing its customers' complete inland transportation requirements.

Kirby's fleet consists of 871 inland tank barges, with a liquid cargo capacity of 15.6 million barrels, and 215 inland towboats.

Markets Served

Chemicals, petrochemicals and pressurized

Tank Barge Fleet		Towboat Fleet	
Chemicals	734	600 hp	13
Black oil	57	800–1200 hp	125
Pressure	62	1400–1900 hp	49
Anhydrous ammonia	11	2000–2400 hp	4
Specialty	7	2900–3200 hp	11
Total	871	4200–4800 hp	9
Total Barrel Capacity	15.6 MM	5200–6000 hp	4
		Total	215

products: Represent 60% of transportation revenue and are consumed in the manufacturing of plastics, paper and fibers. The market drivers are consumer goods, housing, automobiles and clothing.

Refined petroleum products: Represent 20% of transportation revenue and include the various blends of gasoline, jet fuel, naphtha and diesel fuel. The market drivers are vehicle usage, air travel and weather conditions.

Black oil products: Represent 10% of transportation revenue and include asphalt, No. 6 fuel oil and boiler fuel.

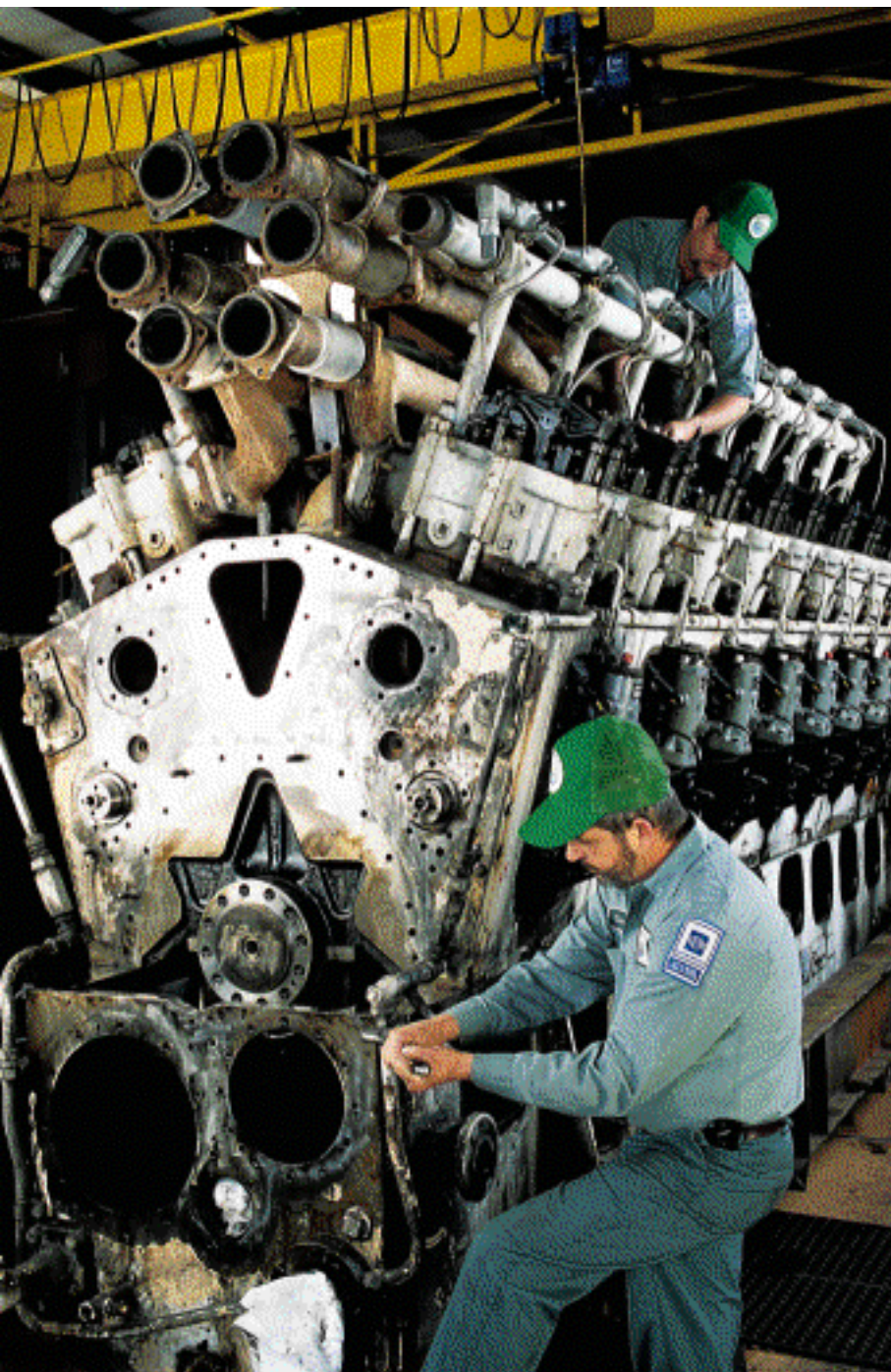
The market drivers are road construction, feedstocks for refineries and fuel for electric generation and ships.

Agricultural chemical products: Represent 10% of transportation revenue and include anhydrous ammonia, nitrogen-based liquid fertilizer and industrial ammonia. The market drivers are primarily the production of corn, cotton and wheat.



A Kirby towboat pushes two loaded 30,000 barrel inland tank barges on the Houston Ship Channel, passing under the Fred Hartman Bridge. Kirby's fleet represents 30% of the U.S. inland tank barge capacity, transporting chemicals, petrochemicals, pressurized products, refined petroleum products, black oil products and agricultural chemical products.

Diesel Engine Services – Kirby Engine Systems, Inc.



Kirby mechanics Marty Hebert, top, and Tommy Frederick, standing, service an 18 cylinder, 4000 horsepower diesel engine at Kirby's facility in Houma, Louisiana. Kirby provides after-market service and related parts sales for large medium-speed diesel engines used in marine, power generation and industrial, and railroad applications.

Services Offered

Kirby Corporation, through its subsidiary Kirby Engine Systems, Inc., and its three operating subsidiaries, Marine Systems, Inc., Engine Systems, Inc. and Rail Systems, Inc., is engaged in the in-house and in-field overhaul and repair of large medium-speed diesel engines and related parts sales.

In-house service is provided by 10 domestic facilities located throughout the U.S. Each facility sells genuine replacement parts and provides shop mechanics to inspect, repair and rebuild component parts or entire engines and reduction gears.

In-field service is provided through project engineers or mechanics to inspect, overhaul and repair engines or reduction gears.

Markets Served

Marine: Represents 70% of diesel engine services revenue. Services inland and offshore towing vessels, harbor tugboats, offshore oil service vessels, oil and gas drilling rigs, commercial fishing fleets and military vessels.

Power generation and industrial: Represents 15% of diesel engine services revenue. Services users of diesel engines that provide standby, peak and base load power generation, users of industrial reduction gears such as cement, paper and mining industries, and provides parts for the nuclear industry.

Railroad: Represents 15% of diesel engine services revenue. Provides parts and service for diesel-electric locomotives used by short-line and industrial railroads.

The market drivers are the business activity levels of the industries served.

Our record setting financial results for 2000 reflect the successful integration of Kirby and Hollywood Marine, and position Kirby for growth, both internally and through acquisitions.

The 2000 year was a successful year for Kirby. We completed the integration of Hollywood Marine into Kirby, combining the nation's largest and third largest inland tank barge companies. We have taken the best of both companies and emerged as a better, stronger company. We also achieved record financial results in 2000 and positioned Kirby to take advantage of both internal and external growth opportunities in 2001.

We continued our successful strategy developed in 1997 of pursuing growth in the inland marine transportation and engine services markets.

Our financial results for 2000 reflect record revenues, net earnings and earnings per share, as well as record EBITDA (earnings before interest, taxes, depreciation and amortization).

We are pleased to report to you that our earnings per share, adjusted for unusual charges, from our marine transportation and diesel engine services businesses

have grown consistently over the last six years from \$.59 per share in 1994 to \$1.39 per share in 2000, a compounded growth rate of 15.4%. Over that same period, our EBITDA per share, before unusual charges, increased from \$2.22 to \$5.30 per share, a compounded growth rate of 15.6%.

After increasing each year from 1995 to 1999, our return on invested capital predictably declined in 2000 following the Hollywood Marine merger, due mainly to the additional goodwill amortization and duplicate expenses. However, the measurement is back on track with a positive upward trend, as cost savings and synergies relating to the merger are being realized.

We also generated a record \$83.3 million in cash flow from operations during the 2000 year, and realized \$17.2 million from



Berdon Lawrence (left), *Chairman*, and Joe Pyne, *President*

the sale of investments and assets. This cash was used for capital expenditures of \$47.7 million, primarily for fleet enhancements, and for two diesel engine services acquisitions totaling \$7.9 million. We also purchased \$15.8 million of our common stock, at prices which were accretive to our earnings per share, and paid down \$28.3 million of debt. Our debt-to-capitalization ratio declined from 57.3% to 52.8% during the year.

In the marine transportation segment, which represented 86% of Kirby's 2000 revenues, we enjoyed a strong market with fewer navigation delays than normal in the first half of 2000. In the second half, volumes flattened, and in some markets declined, due to a slowing domestic economy. We also experienced increased navigation delays that came with an early winter in November and December. Overall, we had an excellent year and set revenue and earnings records in the marine transportation business.

In 2000, we continued to focus on our commitment to being the safest and highest quality company in the inland marine transportation industry. We also positioned Kirby for further growth by making significant systems process and procedure enhancements following the Hollywood Marine merger.

In February 2001, we continued our strategy of external growth by leasing 94 inland tank barges from The Dow Chemical Company. The barges were acquired by Dow as part of their recent merger with Union Carbide Corporation. As the barges are integrated into Kirby's fleet, we will achieve additional operating synergies and further improve the efficiency of our distribution system.

Internal growth in 2001 will be enhanced by five new asphalt capable barges which we are building to take advantage of expanded upriver asphalt towing opportunities arising from the Hollywood Marine acquisition. We are also building six 30,000 barrel double hull barges for use in our chemical, petrochemical and refined petroleum products markets, which will replace single hull equipment. The 11 barges will cost a total of \$17.5 million and will be delivered throughout 2001.

The diesel engine services business, which contributed 14% of Kirby's 2000 revenues, reported lower revenues and earnings in 2000 due to weakness in its East Coast engine rebuild market and the industrial rail market. The Gulf Coast oil service market, our largest diesel engine services market, began to recover in 2000. Two small acquisitions in late 2000 also expanded Kirby's market presence in the diesel engine services

business. We believe that 2001 will be a stronger year for this segment of our business.

This year, as part of our annual report, we have included a map of the U.S. Inland Waterway System. The map outlines in some detail the 12,000 miles of inland rivers and canals used by our vessels in servicing the needs of our customers. The U.S. inland waterway system is one of the world's busiest, most efficient and environmentally compatible transportation systems, linking the chemical, petrochemical and refining plants along the U.S. Gulf Coast with America's heartland and in return linking America's heartland with the world.

The merger with Hollywood Marine was a success from the start due to the dedicated efforts of our excellent team of vessel and shore based employees. We thank them for their outstanding accomplishments this year and also thank our Board of Directors for their counsel, and wisdom, and our customers and suppliers for their support during this transition period.

Today, the outlook for Kirby is excellent. We have successfully captured the best of Kirby and Hollywood Marine and created a new "Kirby." As we enter 2001, our strong earnings and free cash flow should provide the resources for continued value added internal and external growth.

Respectfully submitted,



C. Berdon Lawrence
Chairman of the Board

Houston, Texas
March 7, 2001



J. H. Pyne
President

Kirby Inland Marine, the nation's leading operator of inland tank barges, is tightly focused on a market it knows well and ideally positioned for growth.

The Kirby Inland Marine fleet consists of 871 tank barges, totaling 15.6 million barrels of liquid cargo capacity, and 215 inland towing vessels. The fleet represents 30% of the total U.S. inland tank barge capacity. Kirby operates throughout the Mississippi River System and its tributaries, and the Gulf Intracoastal Waterway from Texas to Florida. Approximately 80% of the total U.S. production of chemicals and petrochemicals is in Texas and Louisiana plants, the majority of which are located adjacent to the Gulf Intracoastal Waterway. The inland waterway system provides the safest, most flexible, productive and efficient mode of transportation per ton mile of cargo transported in the U.S. Kirby is one of only a few carriers capable of servicing its customers' needs throughout the entire U.S. inland waterway system.

Canal, River and Linehaul Operations

Kirby Inland Marine provides tank barge transportation through its canal, river and linehaul operations. Canal operations encompass the transportation of petrochemical feedstocks, processed chemicals, pressurized products, refined petroleum products and black oil products along the Gulf Intracoastal Waterway, the Mississippi River below Baton Rouge and the Houston Ship Channel. Typical service would include the transport of petrochemical feedstocks between refineries and the delivery of processed chemicals and feedstocks to chemical plants and waterfront terminals. A canal tow generally consists of one to six barges, pushed by an 800 to 1900 horsepower towboat.

Kirby's river unit tows transport petrochemical feedstocks, processed chemicals, pressurized products, refined petroleum products, agricultural chemicals and black oil products primarily along the Mississippi, Illinois, Ohio, Arkansas, Missouri, Red, Tennessee and Tombigbee rivers. A river unit

The Lana Louise, a 1000 horsepower canal towboat, pushes the Kirby 24004, a 30,000 barrel clean/chemical tank barge, in the Houston Ship Channel.



Kirby Inland Marine Statements of Operating Income (In thousands)

For the years ended December 31,	2000	1999
Revenues:		
Marine transportation	\$ 443,203	\$ 290,956
Costs and expenses:		
Costs of sales and operating expenses	262,725	175,118
Selling, general and administrative	47,149	32,207
Taxes, other than on income	9,908	8,228
Depreciation and amortization	45,321	27,878
	365,103	243,431
Operating income	\$ 78,100	\$ 47,525
Operating margin	17.6%	16.3%

tow typically includes four to eight barges, pushed by a 2000 to 5600 horsepower towboat. A river unit tow is a dedicated tow, dedicated to the service of a single customer, with the same barges and towboat generally used for each trip.

Kirby's linehaul operation transports petrochemical feedstocks, processed chemicals, agricultural chemicals and lube oils along the Mississippi, Illinois and Ohio rivers, as well as the Gulf Intracoastal Waterway. A linehaul canal tow usually comprises three to five barges with a 1400 to 1900 horsepower towboat. A linehaul river tow may consist of 10 to 25 barges using a 3000 to 5600 horsepower towboat. A linehaul river tow functions similarly to a train, dropping off and picking up barges as it moves up and down the river. Typically, loaded barges containing products from Gulf Coast refineries and chemical plants are collected in the lower Mississippi River area around Baton Rouge and transported upriver to riverfront terminals and plants on the Mississippi, Illinois and Ohio rivers.

2001 Expansion Opportunity

In February 2001, Kirby Inland Marine leased 94 double hull inland tank barges from Dow Chemical, expanding its inland tank barge fleet by an additional 12%. The inland tank barges were acquired by Dow as part of a recent merger with Union Carbide. After a transition period during which the barges will operate only for Union Carbide services, the barges will be integrated into the Kirby fleet under the terms of Kirby's amended contract with Dow.

Results of Operations for 2000

During the first half of 2000, chemical and petrochemical movements were favorable, reflecting the strong economy. During the second half of 2000, particularly the fourth quarter, the demand for movements of chemicals and petrochemicals softened, the result of the slowing economy and inventory adjustments. Refined petroleum product movements to the Midwest were favorable in the first half of 2000, were unseasonably soft in the third quarter and returned to expected levels



Steve Valerius, President of Kirby Inland Marine, visits with Captain Robert Pepper aboard the Dan L, a 1000 horsepower towboat in the Kirby fleet.



in the fourth quarter. Agricultural and black oil movements were generally at expected levels for 2000.

For the 2000 year, Kirby Inland Marine's operating margin improved to 17.6% compared with 16.3% for 1999. The improvement reflected the cost savings, operating synergies and efficiencies achieved in the first full year of the successful merger of Hollywood Marine into Kirby Inland Marine.

Kirby is a vital link in the process of taking raw materials to finished products.

A Kirby inland tank barge and towboat transport a bulk liquid chemical feedstock to a refinery along the Texas Gulf Coast. A week later, another Kirby inland barge and towboat pick up some of that same feedstock, now in the form of an intermediate petrochemical, and transport it to a chemical plant where it is combined with another refined petrochemical resulting in a product such as ethylene glycol. A week later, another Kirby inland tank barge and towboat transport the ethylene glycol to Baton Rouge where it is transported upriver by a linehaul or river tow to another plant where it is packaged as antifreeze. The plastic container in which the antifreeze is packaged has been manufactured as a result of a similar petrochemical process using product compo-

nents carried by a Kirby inland tank barge and towboat. A couple of weeks later, a consumer purchases this antifreeze as he decides to "winterize" his automobile.

This process occurs literally hundreds of times a day as Kirby's inland tank barges and towboats perform this vital role in assuring the flow of products that each of us uses on a daily basis. Kirby moves a variety of basic petrochemical building blocks that are processed into a mul-



titude of downstream products, such as paint, thinners and solvents. Chemical products such as propylene can be made into acrylonitrile and ultimately the various nylons that are used in clothing, rugs, ropes and hundreds of other products.

Kirby transports gasoline and jet fuel that keep the country running. We transport

the chemicals that are made into containers to hold a wide range of products from laundry detergent to motor oil.

We help provide the paint for houses, and plastics and fibers for automobiles, furniture, home building products and

children's toys.

We help make child safety seats safer and lawn chairs more durable. We help make lawns greener and even babies dry. We are proud to be involved in a chain that keeps each of us healthier through pharmaceuticals and safer through product packaging.

Kirby performs a vital role in moving the feedstocks and the chemicals so that consumer products are available and ever improving.



Kirby's WheelMate software ensures clear communication of customer requirements and vessel awareness of navigational conditions.

Critical to the effective operation of the Kirby Inland Marine fleet is the communication of towing information (pick-up and drop-off information, drafts, products, etc.) and up-to-the-minute navigational information. Kirby has recently upgraded one software product and implemented another to meet these two needs.

In order to facilitate shoreside-to-towboat and towboat-to-shoreside information regarding orders, traffic and other critical operational areas such as tow diagrams and maintenance requests, Kirby has been upgrading the WheelMate software that was developed by the Kirby Information Technology Software Development Team. All Kirby towboats are equipped with personal computers and printers that are linked directly to the shoreside traffic system via the WheelMate software.

Planned additions to this proprietary software system include crew time reporting and automatic purchase order generation. Kirby IT Vessel Support Specialists visit each towboat on a regular basis to install new software as needed, to train crews in new developments in WheelMate and to answer questions about certain WheelMate features.

Navigational software has dramatically improved over the last few years. This past summer, a Kirby team evaluated a number of navigational programs and selected a new navigational software to serve as the company standard. The software selected provides the best and easiest-to-use features in the marine industry today.

Features that Kirby's wheelmen particularly like include the ability to zoom in and out of charts, the route planning system and the split-screen format that allows the wheelman to look simultaneously at where the tow is now and where it will be an hour from now.

The two software systems are state of the art and upgradable. Each makes its contribution to the Kirby Inland Marine commitment to safe and efficient transportation of customers' product.



Kirby's proprietary shoreside/vessel communications software, WheelMate, links sales and traffic with the towboat to ensure that customer requirements are both clearly understood and met on a timely basis.



Kirby Engine Systems has the largest service area of any diesel engine service company in the U.S.

Kirby Engine Systems provides service and replacement parts for large medium-speed diesel engines and reduction gears used in three distinct markets: marine operations, power generation and industrial applications, and rail operations. The diesel engines and reduction gears serviced by Kirby are essential to the day-to-day operations of its customers.

Through its three operating subsidiaries, Engine Systems, Inc., Marine Systems, Inc. and Rail Systems, Inc., Kirby Engine Systems has 10 parts and service facilities nationwide, employing over 120 project engineers, mechanics and machinists. At its in-house facilities, engineers, shop mechanics and machinists inspect, repair and rebuild diesel engines, engine components and reduction gears. In the field, engineers and field mechanics service customers' needs worldwide by providing evaluations, repairing engines and reduction gears, and performing overhauls, including machinery overhauls, block welding and line boring.

Expansion Opportunities

In October 2000, Marine Systems completed the acquisition of the Powerway Division of Covington Diesel, becoming the sole distributor of after-market parts and service for Alco diesel engines throughout the U.S. for marine, power generation and industrial applications.

In November 2000, Marine Systems completed the acquisition of West Kentucky Machine Shop, Inc., increasing its distribution capabilities to the marine industry, as well as becoming an industrial renew center for Falk Corporation, a reduction gear manufacturer. Also in October 2000, Engine Systems became the exclusive worldwide distributor for Enterprise and Cooper-Bessemer KSV engines serving the nuclear industry.

Matt Picou, a shop mechanic at Kirby's Houma, Louisiana, facility, remanufactures EMD engine components.



Kirby Engine Systems Statements of Operating Income (In thousands)

For the years ended December 31,	2000	1999
Revenues:		
Diesel engine services	\$ 69,441	\$ 74,648
Costs and expenses:		
Costs of sales and operating expenses	52,610	57,911
Selling, general and administrative	8,917	8,517
Taxes, other than on income	268	249
Depreciation and amortization	691	842
	62,486	67,519
Operating income	\$ 6,955	\$ 7,129
Operating margin	10.0%	9.6%

Relationship with the Electro-Motive Division of GM

The principal diesel engines serviced by Kirby are those manufactured by the Electro-Motive Division (EMD) of General Motors. Kirby has a 35-year relationship with EMD, serving as an authorized distributor in 17 eastern states and the Caribbean.

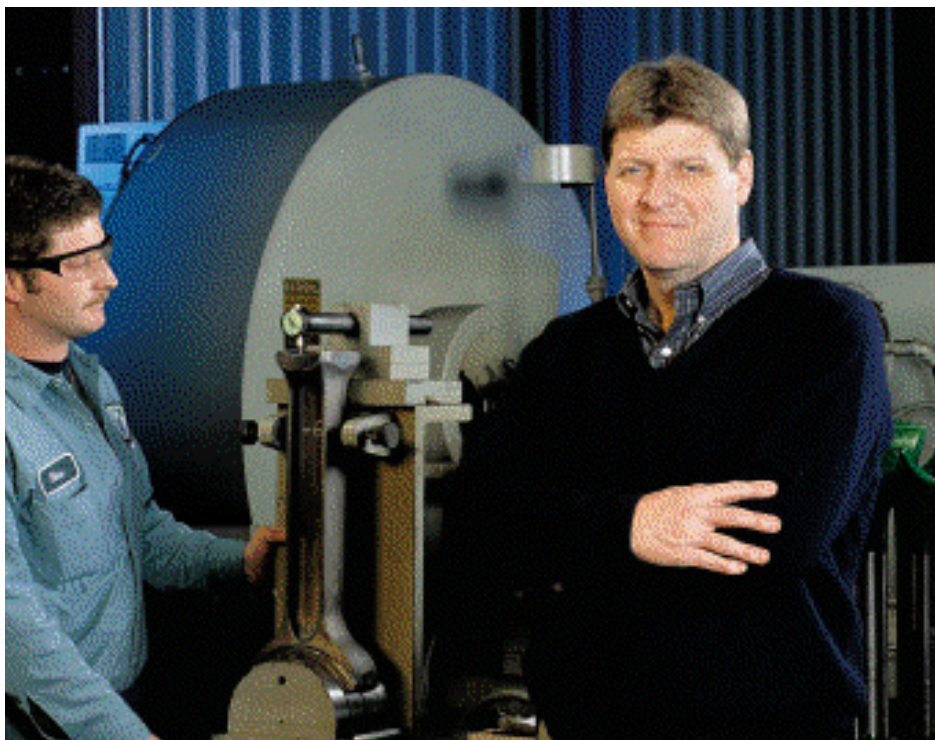
Kirby has non-exclusive service centers in the Midwest, Gulf Coast and West Coast regions. Kirby also serves as the exclusive distributor of EMD parts for the nuclear industry worldwide, and for the shortline and industrial railroads within the United States.

Diversified Customer Base

Each of Kirby's three markets, marine, power generation and industrial, and rail, requires services or parts unique to its operations or applications. The service may be provided in-house or in the field. It may be on a vessel in an immediate port or a drilling rig off the coast of Africa. The customer may be a power generator on an island in the Caribbean, a nuclear plant in Maine, an industrial plant in Kentucky or a switcher locomotive located in a steel mill in Chicago.

Results of Operations for 2000

During 2000, the Gulf Coast marine offshore oil and gas services industry, including drilling rigs, supply boats and tugs, continued to improve, but not enough to offset the weak East Coast engine rebuild market and the weak industrial railroad market. Despite a 7% decline in revenues for the year 2000 compared with 1999, our operating income declined only 2% and the operating margin improved to 10.0% compared with 9.6% last year, because of a more favorable product/service mix, as well as continued aggressive cost control initiatives.



Lynn Strahan, President of Kirby Engine Systems, visits with Walton Russ, a shop mechanic at Kirby's Houma, Louisiana, facility.



Kirby Engine Systems' three operating subsidiaries, Marine Systems, Inc., Engine Systems, Inc. and Rail Systems, Inc., provide services that are essential to the day-to-day operations of its customers.

Kirby Corporation

C. Berdon Lawrence,
Chairman of the Board of Directors

J. H. Pyne,
President and Chief Executive Officer

Norman W. Nolen,
Executive Vice President, Treasurer and
Chief Financial Officer

Mark R. Buese,
Senior Vice President—Administration

Connie C. Power,
Vice President—Corporate Operations

Jack M. Sims,
Vice President—Human Resources

G. Stephen Holcomb,
Vice President and Controller

Howard G. Runser,
Vice President—Information Technology

Thomas G. Adler,
Secretary

Kirby Inland Marine, Inc.

Steven P. Valerius,
President

William G. Ivey,
Executive Vice President

Gregory R. Binion,
Vice President—Canal Operations

Mel R. Jodeit,
Vice President—Sales

Dennis A. Kirkonis,
Vice President—Sales

Scott E. Mickey,
Vice President—Traffic, River

Michael C. Molloy,
Vice President—Sales

Richard Northcutt,
Vice President—Traffic, Canal

John E. Russell,
Vice President—Sales

John W. Sansing, Jr.,
Vice President—Maintenance

David L. Shaw,
Vice President—River Operations

Carl R. Whitlatch,
Vice President and Controller

Kirby Logistics Management, Inc.

Mark C. Lawrence,
Vice President

Western Towing Company

Robert D. Goolsby,
Vice President

Dixie Offshore Transportation Company

J. H. Pyne,
President

Kenneth C. Bush,
Executive Vice President

Thomas J. Johnson,
Vice President—Marketing

Kirby Engine Systems, Inc.

Dorman L. Strahan,
President

John A. Manno,
Vice President

David H. Farrar,
Controller

Engine Systems, Inc.

P. Scott Mangan,
Vice President—Sales

Marine Systems, Inc.

Lynn A. Ahlemeyer,
Vice President and General Manager
Gulf Coast and West Coast

Thomas P. Bottoms,
Vice President and General Manager
Industrial

Rail Systems, Inc.

L. Michael Clavio,
General Manager

*The Kirby Executive Committee:
seated left to right:
Berdon Lawrence,
Chairman of the
Board of Directors;
Joe Pyne, President and
Chief Executive Officer;
standing left to right:
Jack Sims, Vice President—
Human Resources;
Lynn Strahan, President of Kirby
Engine Systems;
Connie Power, Vice President—
Corporate Operations;
Mark Buese, Senior Vice
President—Administration; Norman
Nolen, Executive Vice President,
Treasurer and
Chief Financial Officer; and Steve
Valerius, President of Kirby Inland
Marine.*





C. Sean Day,
Chairman of
Teekay Shipping Corporation
Joined board 1996



Bob G. Gower,
Private Investor
Joined board 1998



William M. Lamont, Jr.,
Private Investor
Joined board 1979



C. Berdon Lawrence,
Chairman of the Board of Kirby
and former President of
Hollywood Marine, Inc.
Joined board 1999



George A. Peterkin, Jr.,
Chairman Emeritus
of Kirby
Joined board 1973



J. H. Pyne,
President and Chief Executive
Officer of Kirby
Joined board 1988



Robert G. Stone, Jr.,
Chairman Emeritus
of Kirby
Joined board 1983



Richard C. Webb,
Vice Chairman of
Sanders Morris Harris
Joined board 2000

Committees

Executive Committee

C. Berdon Lawrence,
Chairman
Bob G. Gower
William M. Lamont, Jr.
George A. Peterkin, Jr.
J. H. Pyne

Audit Committee

Bob G. Gower,
Chairman
C. Sean Day
William M. Lamont, Jr.
Richard C. Webb

Compensation Committee

William M. Lamont, Jr.,
Chairman
Bob G. Gower
Robert G. Stone, Jr.
Richard C. Webb

Committee on Directors and Board Governance

C. Berdon Lawrence,
Chairman
William M. Lamont, Jr.
J. H. Pyne
Robert G. Stone, Jr.

Kirby Corporation

55 Waugh Drive, Suite 1000
P. O. Box 1745
Houston, Texas 77251-1745
(713) 435-1000
Fax: (713) 435-1010

Kirby Inland Marine, Inc.

55 Waugh Drive, Suite 1000
P. O. Box 1537
Houston, Texas 77251-1537
(713) 435-1000
Fax: (713) 435-1464

Operations Centers:

18350 Market Street
Channelview, Texas 77530
(713) 435-1600
Fax: (713) 435-1616

7747 Tom Drive
Baton Rouge, Louisiana 70806
(225) 201-3000
Fax: (225) 925-5076

3105 E. Navigation
Corpus Christi, Texas 78402
(361) 883-6387
Fax: (361) 883-8052

249 Brent Road
P. O. Box 5758
Greenville, Mississippi 38704-5758
(662) 378-9100
Fax: (662) 335-6988

Maintenance/

Training Center:

16402 1/4 De Zavala
Channelview, Texas 77530
Main (Maintenance): (713) 435-1700
Fax (Maintenance): (713) 435-1750
Main (Training): (713) 435-1775
Fax (Training): (713) 435-1785

Kirby Logistics

Management, Inc.

18350 Market Street
Channelview, Texas 77530
(713) 435-1956
Fax: (713) 435-1951

Kirby Inland Marine, Inc.

Continued

Western Towing Company

18350 Market Street
Channelview, Texas 77530
(713) 435-1800
Fax: (713) 435-1840

4102 Barge Terminal Road
Crystal Beach, Texas 77650
(409) 684-6418
Fax: (409) 684-6205

503 Port Road
Freeport, Texas 77541
(281) 393-1431
Fax: (979) 239-3202

7150 S. River Road
Baton Rouge, Louisiana 70820
(225) 757-1347
Fax: (225) 757-1349

P.O. Box 10859
Jefferson, Louisiana 70181-0859
(504) 737-7526
Fax: (504) 738-3941

Lake Charles Terminal

3524 Cities Service Hwy.
Westlake, Louisiana 70669
(337) 882-1380
Fax: (337) 882-9978

Matagorda Terminal

Oyster Lake
Collegeport, Texas
(713) 435-1000
Fax: (713) 435-1464

Red River Terminal

Port of Shreveport/Bossier
10911 Louisiana Highway 1 South
P. O. Box 52539
Shreveport, Louisiana 71135-2539
(318) 798-1311
Fax: (318) 798-1257

Dixie Offshore Transportation Company

Dixie Fuels Limited

333 W.P.A. Road
Belle Chasse, Louisiana 70037
(504) 392-7800
Fax: (504) 391-2295

Kirby Engine Systems, Inc.

116 Capital Boulevard
Houma, Louisiana 70360
(985) 223-7100
Fax: (985) 872-5302

Engine Systems, Inc.

1220 S. Washington Street
P. O. Box 1928
Rocky Mount, N. Carolina
27802-1928
(252) 977-2720
Fax: (252) 446-3830

10250 NW 89th Ave.

Bay #9
Medley, Florida 33178
(305) 885-5575
Fax: (305) 885-6422

Marine Systems, Inc.

East Coast:

1401 Precon Drive
Suite 106
Chesapeake, Virginia 23320-6314
(757) 543-3000
Fax: (757) 543-1595

Gulf Coast:

116 Capital Boulevard
Houma, Louisiana 70360
(985) 223-7100
Fax: (985) 872-5302

Industrial:

3880 Industrial Drive
Paducah, Kentucky 42001
(270) 443-8900
Fax: (270) 443-8902

501 Virginia Street
Paducah, Kentucky 42003
(270) 444-0069
Fax: (270) 444-3936

3824 Peters Road
Harvey, Louisiana 70058
(504) 368-9250
Fax: (504) 368-0472

2551 State Road 60 West
Bartow, Florida 33830
(863) 804-0600
Fax: (863) 804-0700

West Coast:

950 N.W. Leary Way
Seattle, Washington 98107
(206) 784-3302
Fax: (206) 784-3358

Rail Systems, Inc.

114 Capital Boulevard
Houma, Louisiana 70360
(985) 223-7300
Fax: (985) 223-7333

Annual Meeting

The 2001 Annual Meeting of stockholders will be held in the Highland Room of the Four Seasons Hotel, 1300 Lamar, Houston, Texas 77010, at 10:00 a.m. (CDT), Tuesday, April 17, 2001.

Corporate Headquarters

55 Waugh Drive, Suite 1000
P.O. Box 1745
Houston, Texas 77251-1745
Telephone: (713) 435-1000
Fax: (713) 435-1010

Inquiries Regarding Stock Holdings

Registered shareholders (shares held in owner's name) should address communications concerning address changes, lost certificates and stock transfers to:

Fleet National Bank
c/o EquiServe, Limited Partnership
Providence, RI 02940-3010
Telephone: (781) 575-3400
Fax: (781) 828-8813
Internet: <http://www.equiserve.com>

Beneficial shareholders (shares held in the name of banks or brokers) should address communications to their banks or stockbrokers.

All other inquiries should be addressed to G. Stephen Holcomb at Kirby's corporate headquarters.

Auditors

KPMG LLP
700 Louisiana, Suite 3000
Houston, Texas 77002

Common Stock Information

Stock trading symbol—KEX

The New York Stock Exchange is the principal market for Kirby's common stock. As of March 5, 2001, there were 24,026,370 common shares outstanding held by approximately 1,100 registered shareholders.

Common Stock Market Price

	2000 Sales Price		1999 Sales Price	
	High	Low	High	Low
1st Quarter	\$20.50	\$17.63	\$20.00	\$16.75
2nd Quarter	\$24.63	\$19.63	\$21.50	\$17.81
3rd Quarter	\$24.00	\$19.00	\$22.38	\$18.19
4th Quarter	\$21.00	\$17.25	\$20.69	\$16.50

January 1 to March 5, 2001	\$22.19	\$19.26
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Financial and Other Information

Corporate earnings and news releases, Forms 10-K and 10-Q reports, and other company information are available through Kirby's website <http://www.kmtc.com>.

Additional copies of Kirby's Form 10-K (which is incorporated in this Annual Report) and copies of Kirby's Form 10-Q reports are available free of charge. Contact G. Stephen Holcomb at Kirby's corporate headquarters, or e-mail Steve.Holcomb@kmtc.com.



Kirby Corporation

Corporate Headquarters:
55 Waugh Drive, Suite 1000
Houston, Texas 77007

Mailing Address:
P. O. Box 1745
Houston, Texas 77251-1745

(713) 435-1000
Fax: (713) 435-1010
www.kmtc.com

Cover: The Lana Louise, a 1000 horsepower Kirby towboat, pushes two loaded 30,000 barrel tank barges in the Houston Ship Channel, near the turning basin. The skyline of downtown Houston looms in the background. The Houston Ship Channel is characterized as the world's most heavily industrialized canal. The Channel extends some 25 miles from Houston into Galveston Bay. The Houston Ship Channel serves as home to Kirby's canal operations, as well as Kirby's maintenance, training and logistic management operations.