

SCHEDULE 14A  
(RULE 14A-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

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))
  - [X] Definitive Proxy Statement
  - [ ] Definitive Additional Materials
  - [ ] Soliciting Material Pursuant to sec. 240.14a-11(c) or sec. 240.14a-12

Kirby Corporation

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(Name of Registrant as Specified in its Charter)

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

Payment of Filing Fee (Check the appropriate box):

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

(1) Title of each class of securities to which transaction applies:

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(2) Aggregate number of securities to which transaction applies:

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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):

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(4) Proposed maximum aggregate value of transaction:

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(5) Total fee paid:

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 [ ] Fee paid previously with preliminary materials.

[ ] Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

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(2) Form, Schedule or Registration Statement No.:

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(3) Filing Party:

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(4) Date Filed:

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[KIRBY CORP. LOGO]

KIRBY CORPORATION

NOTICE OF

ANNUAL MEETING OF STOCKHOLDERS

AND

PROXY STATEMENT

MEETING DATE: APRIL 17, 2001

YOUR VOTE IS IMPORTANT

PLEASE PROMPTLY MARK, DATE, SIGN AND RETURN  
YOUR PROXY CARD IN THE ENCLOSED ENVELOPE

[KIRBY CORP. LOGO]

KIRBY CORPORATION

55 WAUGH DRIVE, SUITE 1000  
P. O. BOX 1745  
HOUSTON, TEXAS 77251-1745

March 6, 2001

Dear Fellow Stockholders:

On behalf of the Board of Directors, we cordially invite you to attend the 2001 Annual Meeting of Stockholders of Kirby Corporation to be held on Tuesday, April 17, 2001, at 10:00 a.m. (CDT). The meeting will be held in the Highland Room of the Four Seasons Hotel, 1300 Lamar Street, Houston, Texas 77010. We look forward to personally greeting those stockholders who will be able to attend the meeting.

This booklet contains the notice of the Annual Meeting and the Proxy Statement, which contains information about the formal items of business to be conducted at the meeting, Kirby's Board of Directors and its committees, and certain executive officers. This year you are being asked to elect eight directors and to approve a 2001 Employee Stock Option Plan.

In addition to the formal items of business to be brought before the Annual Meeting, there will be a report on our Company's operations, followed by a question and answer period.

Your vote is very important, regardless of the number of shares you own. Please ensure that your shares will be represented at the meeting by completing, signing and returning your proxy card in the envelope provided whether or not you plan to attend personally.

Sincerely,

/s/ C. BERDON LAWRENCE  
C. BERDON LAWRENCE  
Chairman of the Board

/s/ J. H. PYNE  
J. H. PYNE  
President and Chief Executive  
Officer

KIRBY CORPORATION  
(A NEVADA CORPORATION)

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NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

Date: Tuesday, April 17, 2001  
Time: 10:00 a.m. CDT  
Place: Four Seasons Hotel -- Highland Room  
1300 Lamar Street  
Houston, Texas 77010

Items of business to be voted on:

1. To elect eight directors;
2. To consider and act upon a proposal to approve the Kirby Corporation 2001 Employee Stock Option Plan; and
3. To consider any other business to properly come before the meeting.

You have the right to receive this notice and vote at the Annual Meeting if you were a stockholder of record at the close of business on March 1, 2001. Please remember that your shares cannot be voted unless you sign and return the enclosed proxy card, vote in person at the Annual Meeting, or make other arrangements to vote your shares.

For the Board of Directors,

THOMAS G. ADLER  
Secretary

March 6, 2001

## KIRBY CORPORATION

## PROXY STATEMENT

## GENERAL INFORMATION

This Proxy Statement is furnished in connection with the solicitation of proxies on behalf of the Board of Directors of Kirby Corporation (the "Company") to be voted at the Annual Meeting of Stockholders to be held in the Highland Room of the Four Seasons Hotel, 1300 Lamar Street, Houston, Texas, on April 17, 2001, at 10:00 a.m. (CDT).

Whenever we refer in this Proxy Statement to the Annual Meeting, we are also referring to any meeting that results from an adjournment or postponement of the Annual Meeting. The Notice of Annual Meeting, this Proxy Statement, the proxy card and the Company's Annual Report, which includes the Annual Report on Form 10-K for 2000, are being mailed to stockholders on or about March 12, 2001.

## SOLICITATION OF PROXIES

## THE PROXY CARD

Your shares will be voted as specified on the enclosed proxy card. If a proxy is signed without choices specified, those shares will be voted for the election of all the directors named in this Proxy Statement and the approval of the 2001 Employee Stock Option Plan and at the discretion of the proxies on other matters.

You are encouraged to complete, sign and return the proxy card even if you expect to attend the meeting. If you sign a proxy card and deliver it to us, but then want to change your vote, you may revoke your proxy at any time prior to the Annual Meeting by sending us a written revocation or a new proxy, or by attending the Annual Meeting and voting your shares in person.

## COST OF SOLICITING PROXIES

The cost of soliciting proxies will be paid by the Company. The Company has retained Corporate Investor Communications, Inc. ("CIC") to solicit proxies at an estimated cost of \$5,000, plus out-of-pocket expenses. Employees of the Company may also solicit proxies, for which the expense would be nominal and borne by the Company. Solicitation may be by mail, facsimile, electronic mail, telephone or personal interview.

## VOTING

## STOCKHOLDERS ENTITLED TO VOTE

Stockholders of record at the close of business on March 1, 2001 will be entitled to notice of, and to vote at, the Annual Meeting. As of March 1, 2001, the Company had 24,026,370 outstanding shares of common stock. Each share of common stock is entitled to one vote on each matter to come before the meeting.

## QUORUM AND VOTES NECESSARY TO ADOPT PROPOSALS

In order to transact business at the Annual Meeting, a quorum consisting of a majority of all outstanding shares entitled to vote must be present. Abstentions and proxies returned by brokerage firms for which no voting instructions have been received from their principals will be counted for the purpose of determining whether a quorum is present. Once a share is represented for any purpose at the Annual Meeting, it will be deemed present for quorum purposes for the entirety of the meeting. A plurality of the votes cast is required for the election of directors. A majority of the outstanding shares entitled to vote that are represented at the meeting in person or by proxy is required for approval of any other matters that may be presented at the meeting.

## ELECTION OF DIRECTORS (ITEM 1)

Effective May 31, 2000, the Bylaws of the Company were amended to provide for the division of the Board of Directors into three classes designated Class I, Class II and Class III, being as nearly equal in number as possible. The term of office of the initial Class I Directors shall expire at the Annual Meeting of Stockholders in 2002, Class II in 2003 and Class III in 2004.

At the January 15, 2001 meeting of the Board of Directors, the Board nominated eight persons for election as directors in the three classes. All of the nominees are presently directors of the Company.

If any nominee becomes unable to serve as a director, an event currently not anticipated, the persons named as proxies in the enclosed proxy card intend to vote for a nominee selected by the present Board of Directors to fill the vacancy.

## RECOMMENDATION OF THE BOARD OF DIRECTORS CONCERNING THE ELECTION OF DIRECTORS

The Board of Directors of the Company unanimously recommends a vote "FOR" the election of each of the following nominees for election as a director by class designation.

Class I Directors, to hold office until the Annual Meeting of Stockholders in 2002:

[PHOTO]	George A. Peterkin, Jr. Houston, Texas	Director since 1973 Age 73
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Mr. Peterkin is a private investor. He has served as Chairman Emeritus of the Board of the Company since 1999 and served as Chairman of the Board of the Company from 1995 to 1999. He served as President from 1973 to 1995 and serves as a member of the Executive Committee. He also served as President of the Company's predecessor company, Kirby Industries, Inc., from 1973 to 1976.

[PHOTO]	Robert G. Stone, Jr. Greenwich, Connecticut	Director since 1983 Age 77
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Mr. Stone is a private investor. He has served as Chairman Emeritus of the Board of the Company since 1995 and served as Chairman of the Board of the Company from 1983 to 1995. He serves as a member of the Compensation Committee and Committee on Directors and Board Governance. He is also a director of Russell Reynolds Associates, Inc.

Class II Directors, to hold office until the Annual Meeting of Stockholders in 2003:

[PHOTO]	Bob G. Gower Houston, Texas	Director since 1998 Age 63
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Mr. Gower is a private investor. He served as Chairman and Chief Executive Officer of Specified Fuels & Chemicals L.L.C. from 1997 to 2000. From 1988 to 1997, he served first as President and then as Chairman of Lyondell Petrochemical Company. Mr. Gower serves as Chairman of the Audit Committee and is a member of the Executive Committee and Compensation Committee. He is also a director of Omnova Solutions Inc.

[PHOTO] J. H. Pyne Director since 1988  
Houston, Texas Age 53

Mr. Pyne has served as President and Chief Executive Officer of the Company since 1995. He served as Executive Vice President from 1992 to 1995 and also served as President of Kirby Inland Marine, Inc., the Company's principal transportation subsidiary, from 1984 to 1999. He serves as a member of the Executive Committee and Committee on Directors and Board Governance.

[PHOTO] Richard C. Webb Director since 2000  
Houston, Texas Age 67

Mr. Webb is Vice Chairman of Sanders Morris Harris, a regional investment banking firm. From 1994 to 2000 he served as President of Harris, Webb & Garrison, a regional investment banking firm. Mr. Webb serves as a member of the Compensation Committee and Audit Committee. He is also a director of Kent Electronics Corporation and Pinnacle Global Group, Inc.

Class III Directors, to hold office until the Annual Meeting of Stockholders in 2004:

[PHOTO] C. Sean Day Director since 1996  
Greenwich, Connecticut Age 51

Mr. Day is Chairman of Teekay Shipping Corporation, a foreign flag tank vessel owner and operator. He has served in that position since 1999. Mr. Day served as President and Chief Executive Officer of Navios Corporation, a foreign flag bulk vessel operator, until 1999. He serves as a member of the Audit Committee. He is also a director of Sparkling Springs Water Group and Genesee & Wyoming, Inc.

[PHOTO] William M. Lamont, Jr. Director since 1979  
Dallas, Texas Age 52

Mr. Lamont is a private investor. He serves as Chairman of the Compensation Committee and is a member of the Executive Committee, Audit Committee and Committee on Directors and Board Governance.

[PHOTO] C. Berdon Lawrence Director since 1999  
Houston, Texas Age 58

Mr. Lawrence has served as Chairman of the Board of the Company since October 1999. He was the founder and former President of Hollywood Marine, Inc., an inland tank barge company acquired by the Company in October 1999. Mr. Lawrence serves as Chairman of the Executive Committee and Committee on Directors and Board Governance. He is also a director of Pennzoil-Quaker State Company.

Except as noted, each of the nominees for director has been engaged in his principal occupation for more than the past five years.

## COMPOSITION OF THE BOARD OF DIRECTORS AND ITS COMMITTEES

The Board of Directors and various Committees of the Board that meet throughout the year govern the Company. The Board of Directors has responsibility for establishing broad corporate policies and for the overall performance of the Company, although the Board is not involved in day-to-day operations. Members of the Board are kept informed of the Company's businesses by various reports and documents sent to them, as well as by operating and financial reports made at Board and Committee meetings by the Chairman of the Board, President and other corporate officers. The Board has established four standing committees, including the Audit Committee, the Compensation Committee and the Committee on Directors and Board Governance, each of which is briefly described in the following table. A fourth committee, the Executive Committee, has and may exercise all of the power and authority of the Board of Directors when the Board is not in session in the management of the business and affairs of the Company, except the power or authority to fill vacancies in the membership of the Board of Directors, to amend the Bylaws of the Company and to fill vacancies in the membership of the Executive Committee.

## AUDIT COMMITTEE

## FUNCTIONS

## MEMBERS(1)

- |   |   |
|---|---|
| <ul style="list-style-type: none"> <li>- - Monitor the Company's financial reporting, accounting procedures and systems of internal controls</li> <li>- - Recommend to the Board the selection of the independent auditors for the Company</li> <li>- - Review the Company's audited financial statements with management and the independent auditors</li> <li>- - Monitor the independence and performance of the Company's independent auditors and internal audit function</li> </ul> | <ul style="list-style-type: none"> <li>Bob G. Gower (Chairman)</li> <li>C. Sean Day</li> <li>William M. Lamont, Jr.</li> <li>Richard C. Webb</li> </ul> |
|---|---|

## COMPENSATION COMMITTEE

## FUNCTIONS

## MEMBERS(1)

- |  |  |
|--|--|
| <ul style="list-style-type: none"> <li>- - Make recommendations to the Board regarding compensation policies, including salary, bonuses and other compensation</li> <li>- - Administer the Company's annual incentive bonus program</li> <li>- - Administer the Company's stock option plans and grant stock options under such plans</li> </ul> | <ul style="list-style-type: none"> <li>William M. Lamont, Jr. (Chairman)</li> <li>Bob G. Gower</li> <li>Robert G. Stone, Jr.</li> <li>Richard C. Webb</li> </ul> |
|--|--|

## COMMITTEE ON DIRECTORS AND BOARD GOVERNANCE

## FUNCTIONS

## MEMBERS

- |   |   |
|---|---|
| <ul style="list-style-type: none"> <li>- - Perform the functions of a nominating committee to recommend candidates for election to the Board</li> <li>- - Review the size and composition of the Board</li> <li>- - Maintain oversight of Board operations and effectiveness</li> </ul> | <ul style="list-style-type: none"> <li>C. Berdon Lawrence (Chairman)</li> <li>William M. Lamont, Jr.</li> <li>J. H. Pyne</li> <li>Robert G. Stone, Jr.</li> </ul> |
|---|---|

The Committee on Directors and Board Governance will consider candidates for Board membership suggested by stockholders. Suggestions for candidates, accompanied by biographical information for evaluation, may be sent to the Secretary of the Company at its principal office address.

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- (1) Each of the members of the Committee is a "non-employee director" (i.e., not an officer or employee of the Company or its subsidiaries).

## ATTENDANCE AT MEETINGS

During 2000, the Board of Directors held six meetings. In addition, the Audit Committee met four times and the Compensation Committee met five times. The Executive Committee and Committee on Directors and Board Governance did not meet during 2000. Each director attended more than 75% of the meetings of the Board except Mr. Stone, who attended four of the six meetings, and each director attended more than 75% of all meetings of each Board Committee on which such director served.

## DIRECTOR COMPENSATION

Directors who are employees of the Company do not receive any fees for their services as directors. Each nonemployee director receives an annual fee of \$20,000 (which the director may elect to receive in cash or stock options), a fee of \$1,000 for each Board meeting attended and \$750 for each Committee meeting attended (or \$500 if the Committee meets on the same day and at the same place as a meeting of the Board). Directors are reimbursed for reasonable expenses incurred in attending meetings.

Prior to September 22, 2000, the Company had three director stock option plans, the 1989 Director Stock Option Plan (the "1989 Director Plan"), the 1994 Nonemployee Director Stock Option Plan (the "1994 Director Plan") and the 2000 Director Stock Option Plan (the "2000 Director Plan"). Effective September 22, 2000, the Company adopted a 2000 Nonemployee Director Stock Option Plan (the "Current Director Plan") which superseded all of the previous director stock option plans.

The 1989 Director Plan, under which no more options can be granted, provided for the one-time granting to nonemployee directors of stock options to purchase the Company's common stock. Currently, Mr. Day and Mr. Gower each holds options under the 1989 Director Plan for 5,000 shares of common stock.

The 1994 Director Plan provided for automatic annual grants to nonemployee directors of stock options to purchase the Company's common stock. On the first business day immediately following each annual meeting of stockholders, including the 2000 meeting, each nonemployee director received an option to purchase 1,500 shares of the Company's common stock at the fair market value of such stock on that date. Currently, under the 1994 Director Plan, Mr. Lamont and Mr. Stone each holds options for 12,000 shares of common stock, Mr. Day holds options for 7,500 shares of common stock and Mr. Gower holds options for 4,500 shares of common stock.

The 2000 Director Plan provided for the one-time granting to nonemployee directors of an option to purchase 5,000 shares of the Company's common stock on the date of first election as a director. There are no outstanding options under the 2000 Director Plan.

The Current Director Plan provides for the automatic grant to nonemployee directors of stock options for 5,000 shares of common stock on the date of first election as a director and 3,000 shares immediately after each annual meeting of stockholders. In addition, the Current Director Plan provides for the issuance of stock options in lieu of cash for all or part of the \$20,000 annual director fee. A director who elects to receive options in lieu of the annual cash fee will be granted an option for a number of shares equal to (a) the amount of the fee for which the election is made divided by (b) the fair market value per share of the common stock on the date of grant multiplied by (c) 3. The exercise price for all options granted under the Current Director Plan is the fair market value per share of the Company's common stock on the date of grant. The options granted on first election as a director vest immediately. The options granted immediately after each annual meeting of stockholders vest six months after the date of grant. Options granted in lieu of cash director fees vest in equal quarterly increments during the year to which they relate. Mr. Webb holds options for 6,638 shares and Mr. Day, Mr. Gower and Mr. Stone each holds options for 2,282 shares under the Current Director Plan. In conjunction with the adoption of the Current Director Plan, the 1994 Director Plan and the 2000 Director Plan were terminated except with respect to outstanding options previously granted under either plan. The 1989 Director Plan had previously been terminated by its terms.

The Company also has a 1993 Nonqualified Stock Option for Robert G. Stone, Jr. (the "Stone Option"). The Stone Option provided for the grant to Mr. Stone, in July 1993, of a stock option to purchase 25,000 shares of the Company's common stock. The purpose of the Stone Option is to provide an incentive to retain Mr. Stone as a member of the Board.

## TRANSACTIONS WITH DIRECTORS AND OFFICERS

During 2000, the Company and its subsidiaries paid Knollwood, L.L.C. ("Knollwood"), a company owned by C. Berdon Lawrence, the Chairman of the Board of the Company, approximately \$112,000 for air transportation services and other services provided by Knollwood. Such services were in the ordinary course of business of the Company and Knollwood and were entered into on an arm's-length basis. The Company anticipates that similar services will be rendered in 2001.

## BENEFICIAL OWNERSHIP OF COMMON STOCK

## BENEFICIAL OWNERSHIP OF DIRECTORS AND EXECUTIVE OFFICERS

The following table shows the number of shares of common stock beneficially owned by each director, by each named executive officer listed in the Summary Compensation Table, and by the directors and executive officers of the Company as a group as of March 1, 2001. Under rules of the Securities and Exchange Commission ("SEC"), "beneficial ownership" is deemed to include shares for which the individual, directly or indirectly, has or shares voting or investment power, whether or not they are held for the individual's benefit.

	SHARES OF COMMON STOCK BENEFICIALLY OWNED ON MARCH 1, 2001			PERCENT OF COMMON STOCK(3)(4)	
	DIRECT(1)	VOTING OR INVESTMENT POWER(2)	RIGHT TO ACQUIRE(3)		TOTAL
<b>DIRECTORS</b>					
C. Sean Day.....	5,300		14,782	20,082	
Bob G. Gower.....	40,000		11,782	51,782	
William M. Lamont, Jr. ....	13,142(5)		12,000	25,142	
C. Berdon Lawrence.....	3,560,462		923,933	4,484,395	18.7%
George A. Peterkin, Jr. ....	344,326(6)			344,326	1.4%
J. H. Pyne.....	58,414		95,833	154,247	
Robert G. Stone, Jr. ....	126,550(7)		39,282	165,832	
Richard C. Webb.....	1,000		6,638	7,638	
<b>NAMED EXECUTIVES</b>					
Norman W. Nolen.....	218		30,000	30,218	
Dorman L. Strahan.....	219		60,333	60,552	
Steven P. Valerius.....	704		20,000	20,704	
Directors and executive officers as a group (16 in number).....	4,181,205		1,305,540	5,486,745	22.5%

- (1) Shares held individually or jointly with others, or in the name of a bank, broker or nominee for the individual's account. Also includes shares held under the Company's 401(k) Plan.
- (2) Shares with respect to which directors or executive officers have or share voting or investment power.
- (3) The number of shares and percentage ownership of common stock for each person named assumes that such person is the beneficial owner of common stock with respect to which such person has the right to acquire beneficial ownership within 60 days after March 1, 2001. The number of shares and percentage ownership of common stock for the directors and executive officers as a group assumes that all of the shares shown as beneficially owned by each of such persons are outstanding.
- (4) Unless otherwise indicated, beneficial ownership of any named individual is less than 1% of the outstanding shares of common stock.
- (5) Does not include 406,719 shares owned by his wife, Mary Noel Lamont, or 505,171 shares owned by trusts of which Ms. Lamont is the beneficiary. Mr. Lamont disclaims beneficial ownership of all 911,890 shares.

- (6) Does not include 111,170 shares owned by trusts of which Mr. Peterkin is trustee, the beneficiaries of which are relatives of his or his wife. Also does not include 5,000 shares owned by his wife. Mr. Peterkin disclaims beneficial ownership of all 116,170 shares.
- (7) Does not include 10,450 shares owned by a trust of which Mr. Stone is the trustee. Also does not include 16,000 shares owned by his wife. Mr. Stone disclaims beneficial ownership of all 26,450 shares.

#### PRINCIPAL STOCKHOLDERS

The following table and notes set forth information as of the dates indicated concerning persons known to the Company to be the beneficial owner of more than 5% of the Company's outstanding common stock:

NAME AND ADDRESS -----	NUMBER OF SHARES BENEFICIALLY OWNED(1) -----	PERCENT OF CLASS -----
C. Berdon Lawrence..... 55 Waugh Drive, Suite 1000 Houston, Texas 77007	4,484,395(2)	18.7%
Ontario Teachers' Pension Plan Board..... 5650 Yonge Street Toronto, Ontario M2M 4H5	2,336,716(3)	9.7%
GeoCapital, LLC..... 767 Fifth Avenue, 45th Floor New York, New York 10153	1,843,655(4)	7.7%
Luther King Capital Management Corporation..... 301 Commerce Street, Suite 1600 Fort Worth, Texas 76102	1,617,000(5)	6.7%

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- (1) Except for 923,933 shares with respect to which Mr. Lawrence has the right to acquire beneficial ownership, to the Company's knowledge, all of the shares are directly owned by the named person or entities and none were subject to options or other rights to acquire beneficial ownership in the future.
- (2) Based on Form 5, dated January 29, 2001, filed by Mr. Lawrence with the SEC.
- (3) Based on information provided to the Company by Ontario Teachers' Pension Plan Board dated January 25, 2001.
- (4) Based on information provided to the Company by GeoCapital, LLC dated January 30, 2001.
- (5) Based on Schedule 13G, dated February 13, 2001, filed by Luther King Capital Management Corporation with the SEC.

#### SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

The Company's directors and executive officers, and persons who own beneficially more than 10% of the Company's common stock, are required under Section 16(a) of the Securities Exchange Act of 1934 to file reports of beneficial ownership and changes in beneficial ownership of the Company's common stock with the SEC and the New York Stock Exchange. Based solely on a review of the copies of reports furnished to the Company and written representations that no other reports were required, the Company believes that all filing requirements were complied with during 2000.

## EXECUTIVE COMPENSATION

## COMPENSATION COMMITTEE REPORT ON EXECUTIVE COMPENSATION

The Board of Directors of the Company has a standing Compensation Committee whose functions are to (1) administer the Company's annual incentive bonus program, (2) make recommendations to the Board of Directors with respect to salaries for officers and key employees of the Company, (3) administer all of the Company's stock option plans and grant stock options under the plans except those plans under which grants of options are automatic, and (4) review and make recommendations to the Board of Directors with respect to any other forms of compensation for officers and key employees of the Company. The Compensation Committee held five meetings in 2000. In 2000, the Board of Directors did not modify or reject in any material way any action or recommendation of the Compensation Committee. The Compensation Committee is composed of four members, all of whom are "Non-Employee Directors" and "outside directors" as defined in relevant federal securities and tax regulations.

Compensation of executive officers is based primarily on three elements: (1) base salary, (2) annual incentives, such as bonuses, and (3) long-term incentives, primarily stock options. The basic goal is to pay compensation comparable to similar corporations, giving due regard to relative financial performance, and to tie annual incentives and long-term incentives to corporate performance and a return to the Company's stockholders.

With regard to base salary, the objective is to set compensation at somewhat below the median for similar positions in similar companies, and the Compensation Committee believes that this objective has generally been achieved.

With regard to the annual cash incentives for an executive officer, exclusive of base salary, the Compensation Committee attempts to set bonuses at a level such that, with a positive performance by the executive officer, and a certain level of profitability by the Company, the total compensation for such executive officer, including base salary and annual cash incentives, should be above the median total cash compensation for similar corporations and positions. The Compensation Committee believes that total annual cash compensation above the median for similar corporations and positions is appropriate since a significant portion of each executive officer's total annual cash compensation is at risk due to both individual and Company performance factors.

Annual incentive bonuses paid to the Company's executive officers in 2000 related to 1999 performance. Effective for bonuses earned during the 1999 fiscal year, the Board of Directors of the Company adopted a new incentive compensation program based on the creation of "Economic Value" ("EV") in each of the Company's three business groups -- inland marine transportation, diesel engine services and offshore marine transportation -- and for the Company as a whole. Performance under the program is measured on a calendar year basis. The primary component of the program for executive officers and other management level employees is a "Business Performance Bonus."

The Company establishes its key business objectives at the beginning of the year. The primary performance benchmark used is EV, a financial measure of performance calculated to determine whether the Company is generating returns above the rate expected by debt holders and equity holders, a blended rate called the "cost of capital" for the Company.

For the Business Performance Bonus, EV objectives are established for the Company and for each of its business groups. A target bonus and a maximum bonus which would be earned if the EV objective is achieved or exceeded are established for each eligible employee. The bonus is formula based and can vary from 0% to 125% of the target bonus, depending on the EV added for the year in the Company or in the employee's business group, as applicable. Bonuses for employees of the Company itself (a holding company which conducts operations through its subsidiaries) are based entirely on the performance of the Company as a whole. Bonuses for the heads of the Company's business groups are based 50% on the performance of the business group and 50% on overall Company performance. Bonuses for all other employees in a business group are based 70% on the performance of the business group and 30% on Company performance.

The incentive compensation program also allows for special achievement awards to reward exceptional individual performance. The highest ranking executives in the Company (including the Chief Executive Officer) are not eligible for special achievement awards.

Stock options granted to executive officers and other Company employees have been granted at a price equal to the fair market value of the common stock on the date of grant and, except for the Premium Stock Options granted on November 5, 1996 and February 15, 1999 (the "Premium Stock Options"), generally vest in equal increments over a period of three or four years and, unless earlier terminated, are for a period of five or ten years. The Premium Stock Options, which cover 510,000 of the shares subject to unexercisable options shown in the table under "Aggregated Option Exercises in 2000 and 2000 Year-End Option Values" on page 13, may only be exercised on or after November 5, 2005 and on or before November 5, 2006.

The Compensation Committee's objective for long-term incentive compensation for executive officers is the median for long-term incentive compensation of similar corporations and positions, giving effect to the Company's long-term performance relative to its peers.

In addition to retirement, health care and similar benefits, the primary long-term incentives for executive officers are options under the Company's stock option plans. Generally, in January or December of each year, stock option awards are made by the Compensation Committee. The Compensation Committee believes that the Company's long-term executive officer compensation, as evidenced by the options granted to date, does not exceed the value of stock options granted by similar companies to their executive officers holding similar positions.

The Compensation Committee encounters certain difficulties in establishing a peer group of companies for compensation comparison purposes because there are few publicly traded marine transportation companies of similar size and none with a similar service mix. Some other marine transportation companies are limited partnerships or subsidiaries of larger public corporations, again making comparisons difficult. The Compensation Committee also compares the Company's executive compensation to the executive compensation of publicly held industrial companies.

On October 18, 1994, on the recommendation of the Compensation Committee, the Board of Directors adopted an unfunded, nonqualified Deferred Compensation Plan for Key Employees effective January 1, 1992, which was designed primarily to provide additional benefits to eligible employees to restore benefits to which they would be entitled under the Company's Profit Sharing Plan and 401(k) Plan were it not for certain limits imposed by the Internal Revenue Code. The plan is designed to restore benefits for employees being compensated in excess of \$170,000 per annum.

Section 162(m) of the Internal Revenue Code, enacted in 1993, generally disallows a tax deduction to public companies for compensation over \$1 million paid to the Chief Executive Officer and the four other most highly compensated executive officers. Certain performance-based compensation, however, is specifically exempt from the deduction limit. The Compensation Committee did take the steps necessary to qualify the Premium Stock Options awarded to executive officers for deductibility under Section 162(m) of the Internal Revenue Code. The Compensation Committee considers the net cost to the Company in making all compensation decisions.

On the recommendation of the Compensation Committee, the 2000 base salary for J. H. Pyne, the Company's Chief Executive Officer, was established at \$490,000 by the Company's Board of Directors effective January 1, 2000. The Chief Executive Officer's base salary was generally based on the same factors and criteria outlined above, being compensation paid to chief executives of corporations of similar size, individual as well as corporate performance and a general correlation with compensation of other executive officers of the Company. The \$441,000 bonus paid to Mr. Pyne in 2001, which was earned in 2000, was determined under the incentive compensation program described above.

In 2000, the Compensation Committee granted nonqualified stock options covering 237,500 shares of common stock to persons considered executive officers of the Company. The Compensation Committee generally has granted stock options based on its belief that stock options are a key element in the Company's executive compensation policy. The Compensation Committee grants stock options to executive officers based

on its evaluation of individual performance and the Company's overall performance. The Compensation Committee recognizes that there is a significant subjective element in this procedure, but believes that such procedure is better suited to the Company than would be a formula-driven policy. Total options outstanding at the end of 2000 were for 1,097,150 shares, excluding the Premium Stock Options, constituting 4.6% of the then outstanding common stock of the Company, and 859,000 shares in the Premium Stock Option program, constituting 3.6% of the then outstanding common stock of the Company, assuming all such options were fully exercised. The Compensation Committee believes that options in this amount are justified and are within the range of options granted by similar corporations that consider stock options an important part of their executive compensation package and that the options held by the Chief Executive Officer are an appropriate portion of the total options. The Compensation Committee believes that the Premium Stock Option program places a greater proportion of the compensation of senior executives at risk under an incentive program which is clearly aligned with the creation of stockholder value.

#### COMPENSATION COMMITTEE

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

#### COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

The members of the Compensation Committee are Mr. Lamont, Mr. Gower, Mr. Stone and Mr. Webb. No member of the Compensation Committee is or has been an officer or employee of the Company or any of its subsidiaries. Thomas M. Taylor and J. Virgil Waggoner served on the Compensation Committee until their retirement from the Board of Directors on April 18, 2000. Philip J. Burguières served as a member of the Compensation Committee until his resignation from the Board on September 25, 2000. Henry Gilchrist, a nonvoting advisory member of the Board of Directors and Compensation Committee, served until his retirement from the Board on April 18, 2000, and served as the Secretary of the Company until April 1997, but was not an employee of the Company. In 2000, no executive officers of the Company served on the board of directors or compensation committee of another entity, any of whose executive officers served on the Board of Directors or Compensation Committee of the Company.

## SUMMARY ANNUAL AND LONG-TERM COMPENSATION

The following table summarizes compensation paid in 1998, 1999 and 2000 to the Chief Executive Officer and the four other highest paid executive officers (the "named executive officers") for 2000:

SUMMARY COMPENSATION TABLE

NAME AND PRINCIPAL POSITION -----	YEAR ----	ANNUAL COMPENSATION -----		LONG-TERM COMPENSATION AWARDS	ALL OTHER COMPENSATION(1) -----
		SALARY -----	BONUS -----	SHARES SUBJECT TO OPTIONS -----	
J. H. Pyne.....	2000	\$499,360	\$441,000	100,000	\$ --
President, Director and Chief Executive Officer	1999	434,360	413,483	--	27,333
	1998	334,360	125,000	--	27,819
C. Berdon Lawrence.....	2000	\$384,360	\$337,500	35,000	\$ --
Chairman of the Board	1999(2)	85,162	337,500	--	--
	1998	--	--	--	--
Steven P. Valerius.....	2000	\$259,360	\$175,000	30,000	\$ --
President of Kirby Inland Marine, Inc.	1999(2)	55,929	175,000	40,000	--
	1998	--	--	--	--
Norman W. Nolen.....	2000	\$238,190	\$161,000	30,000	\$ --
Executive Vice President	1999(3)	183,959	133,005	80,000	22,533
	1998	--	--	--	--
Dorman L. Strahan.....	2000	\$174,360	\$ 86,509	10,000	\$ --
President of Kirby Engine Systems, Inc.	1999	164,360	94,612	10,000	23,370
	1998	158,160	73,000	--	24,283

(1) Represents the aggregate value of the Company's contributions under the Company's Profit Sharing Plan, 401(k) Plan and Deferred Compensation Plan for Key Employees. The Company's contributions under these deferred compensation plans for 2000 have not been determined as of the date of this Proxy Statement, except for the Company's matching contributions under the Company's 401(k) Plan, pursuant to which matching contributions to the individual accounts were as follows: \$5,100 each to Mr. Pyne, Mr. Lawrence, Mr. Nolen and Mr. Valerius and \$4,538 to Mr. Strahan.

(2) Mr. Lawrence and Mr. Valerius became employees of the Company effective October 12, 1999.

(3) Mr. Nolen became an employee of the Company effective February 15, 1999.

## STOCK OPTIONS GRANTED, OPTION EXERCISES AND YEAR END VALUE

The following table includes information on grants of stock options during 2000 to the five named executive officers. The amounts shown for the named executive officers as potential realizable value for such options are based on assumed annual rates of stock price appreciation of 0%, 5% and 10% over the full ten-year terms of the options granted prior to February 10, 2000 and five-year terms of the options granted on February 10, 2000. The amounts shown as potential realizable value for all stockholders as a group represent the corresponding increases in the market value of 23,881,370 outstanding shares of common stock held by all stockholders as of December 31, 2000. No gain to the optionees is possible without an increase in the stock price that would benefit all stockholders proportionately. The potential realizable values are based solely on arbitrarily assumed rates of appreciation required by applicable SEC regulations. Actual gains, if any, on stock option exercises are dependent on the future performance of the common stock and overall market conditions. There can be no assurance that the amounts reflected in this table will be achieved.

## STOCK OPTIONS GRANTED IN 2000

NAME	INDIVIDUAL GRANTS				POTENTIAL REALIZED VALUE AT ASSUMED ANNUAL RATES OF STOCK PRICE APPRECIATION FOR OPTION TERM(3)		
	OPTIONS GRANTED(1)	% OF TOTAL OPTIONS GRANTED TO EMPLOYEES IN 2000	EXERCISE OR BASE PRICE	EXPIRATION DATE	0% ANNUAL GROWTH RATE(2)	5% ANNUAL GROWTH RATE(2)	10% ANNUAL GROWTH RATE(2)
C. Berdon Lawrence.....	35,000	9.00%	18.0625	02-10-05	0	174,661	385,956
Norman W. Nolen.....	30,000	7.71%	18.0625	02-10-05	0	149,709	330,819
J. H. Pyne.....	100,000	25.71%	18.0625	02-10-05	0	499,030	1,102,730
Dorman L. Strahan.....	10,000	2.57%	18.0625	02-10-05	0	49,903	110,273
Steven P. Valerius.....	30,000	7.71%	18.0625	02-10-05	0	149,709	330,819
All stockholders as a group.....	N/A	N/A	21.00(4)	N/A	0	138,557,321(4)	306,175,881(4)

(1) These options become exercisable one-third after one year, one-third after two years, and one-third after three years from the date of grant. The exercise price for the options may be paid with already owned shares of common stock. No stock appreciation rights were granted with the stock options.

(2) For stock options, the value is based on the exercise price per share of common stock, which was the average of the high and low sales price per share of common stock on the New York Stock Exchange on the date of grant.

(3) Potential realizable value amounts for the named executive officers have been calculated by multiplying the exercise price by the annual appreciation rate shown (compounded for the five-year term of the options), subtracting the exercise price per share and multiplying the gain per share by the number of shares covered by the option. The derived potential realized value is the nominal undiscounted future value not adjusted for inflation.

(4) For stockholders as a group, the potential realized value reflects the appreciation over \$21.00 per share of common stock, which was the closing price per share of common stock on December 31, 2000, for 23,881,370 outstanding shares of common stock as of December 31, 2000.

The following table summarizes for each of the named executive officers their option exercises in 2000 and the value of their options at December 31, 2000:

## AGGREGATED OPTION EXERCISES IN 2000 AND 2000 YEAR-END OPTION VALUES

NAME	SHARES ACQUIRED ON EXERCISE	VALUE REALIZED(1)	NUMBER OF SHARES UNDERLYING UNEXERCISED OPTIONS AT DECEMBER 31, 2000		VALUE OF UNEXERCISED IN-THE-MONEY OPTIONS AT DECEMBER 31, 2000(2)	
			EXERCISABLE	UNEXERCISABLE	EXERCISABLE	UNEXERCISABLE
C. Berdon Lawrence.....				35,000	--	102,813
Norman W. Nolen.....			10,000	100,000	37,188	199,688
J. H. Pyne.....	12,500	146,875	62,500	488,000	282,813	293,750
Dorman L. Strahan.....	3,000	45,938	54,500	99,500	270,859	52,578
Steven P. Valerius.....			10,000	60,000	19,375	146,250

(1) Based on the average of the high and low sales price per share of common stock on the date of exercise.

(2) Value based on \$21.00 per share of common stock, which was the closing price per share of common stock on December 31, 2000.

COMPENSATION AGREEMENTS

In connection with its acquisition of Hollywood Marine, Inc. on October 12, 1999, the Company entered into an Employment Agreement with Mr. Lawrence, the former President of Hollywood Marine and current Chairman of the Board of the Company. The Agreement is for a three-year term, provides for an annual base salary of \$375,000 (subject to increase but not decrease at the discretion of the Board of Directors) and provides that Mr. Lawrence is eligible to participate in other compensation and benefit plans generally on the same basis as other Company officers. The Agreement contains noncompetition and confidentiality covenants and provisions for termination by the Company with or without cause (in the latter case with certain cash severance payments).

Kirby Inland Marine, Inc. has a Deferred Compensation Agreement with Mr. Pyne in connection with his employment as its President. The agreement provides for benefits to Mr. Pyne totaling \$4,175 per month commencing upon the later of his severance from the employment of the Company or his 65th birthday and continuing until the month of his death. If Mr. Pyne should die prior to receiving such deferred compensation, the agreement provides for monthly payments to his beneficiary for a period of sixty months. The agreement also provides that no benefits will be paid if Mr. Pyne is terminated for cause (as defined in the agreement).

The Company has an unfunded, nonqualified Deferred Compensation Plan for Key Employees which was adopted in October 1994, effective January 1, 1992. The Plan is designed primarily to provide additional benefits to eligible employees to restore benefits to which they would be entitled under the Company's Profit Sharing Plan and 401(k) Plan were it not for certain limits imposed by the Internal Revenue Code. The benefits under the Deferred Compensation Plan are designed to restore benefits for employees being compensated in excess of \$170,000 per year. The following table discloses for the named executive officers the amount of contributions to the Deferred Compensation Plan for 1998 and 1999. Contributions for the 2000 year have not been determined as of the date of this Proxy Statement.

	DEFERRED COMPENSATION PLAN	
	1998	1999
J. H. Pyne.....	\$28,698	\$45,257
Norman W. Nolen.....	--	2,688

## COMMON STOCK PERFORMANCE GRAPH

The performance graph below shows the cumulative total return on the Company's common stock compared to the Russell 2000 Index and the Dow Jones Marine Transportation Index over the five-year period beginning December 31, 1995. The results are based on an assumed \$100 invested on December 31, 1995, and reinvestment of dividends.

COMPARISON OF FIVE-YEAR CUMULATIVE TOTAL RETURN\*  
AMONG KIRBY CORPORATION, THE RUSSELL 2000 INDEX  
AND THE DOW JONES MARINE TRANSPORTATION INDEX

[PERFORMANCE GRAPH]

	12/95	12/96	12/97	12/98	12/99	12/00
KIRBY CORPORATION	\$100.00	\$121.54	\$118.85	\$122.69	\$126.15	\$129.23
RUSSELL 2000	\$100.00	\$116.49	\$142.55	\$138.92	\$168.45	\$147.25
DOW JONES MARINE TRANSPORTATION	\$100.00	\$128.90	\$149.85	\$ 87.25	\$123.30	\$153.06

\* \$100 INVESTED ON 12/31/95 IN STOCK OR INDEX -- INCLUDING REINVESTMENT OF DIVIDENDS. FISCAL YEAR ENDING DECEMBER 31.

PROPOSAL TO APPROVE THE 2001 EMPLOYEE STOCK OPTION PLAN (ITEM 2)

SUMMARY OF 2001 EMPLOYEE STOCK OPTION PLAN

THE 2001 PLAN

On January 15, 2001, the Board of Directors adopted, subject to stockholder approval (except with respect to options previously granted as discussed under "GENERAL -- Granting of Options" below), the 2001 Employee Stock Option Plan (the "2001 Plan"), the text of which is attached as Exhibit A to this Proxy Statement. The material features of the 2001 Plan are discussed below, but the description is subject to, and is qualified in its entirety by, the full text of the 2001 Plan.

GENERAL

Purpose

The purpose of the 2001 Plan is to advance the interests of the Company by providing an additional incentive to attract and retain qualified and competent employees, upon whose efforts and judgment the

success of the Company (including its subsidiaries) is largely dependent, through the encouragement of stock ownership in the Company by such employees. Unless the context otherwise requires, references to the Company shall include the Company and any corporation in which the Company owns, directly or indirectly, 50% or more of the total combined voting power.

#### Eligibility

Employees of the Company are eligible to participate in the 2001 Plan.

#### Types of Awards

The 2001 Plan authorizes the granting of incentive stock options ("Incentive Options") and nonincentive stock options ("Nonincentive Options") to purchase common stock of the Company to employees of the Company. Unless the context otherwise requires, the term "Options" includes both Incentive Options and Nonincentive Options.

The 2001 Plan also authorizes awards of restricted stock ("Restricted Stock"). The vesting and number of shares of a Restricted Stock award may be conditioned upon one or a combination of:

- completion of a specified period of service with the Company;
- the attainment of goals related to the performance of the Company or a division, department or unit of the Company;
- the performance of the Company's common stock; or
- the performance of the recipient of the Restricted Stock award.

The Compensation Committee of the Board of Directors (the "Committee") will determine whether a recipient of Restricted Stock will have the right to vote or receive dividends before the Restricted Stock has vested.

#### Administration

The 2001 Plan will be administered by the Committee. The Committee has the authority to interpret and adopt rules and regulations for carrying out the 2001 Plan. In addition, the interpretation and construction of any provision of the 2001 Plan by the Committee shall be final and binding on all participants under the 2001 Plan. If there is no Committee, the Board of Directors will administer the 2001 Plan.

#### Shares of Common Stock Subject to the 2001 Plan

A total of 1,000,000 shares of common stock (subject to adjustment as discussed below) may be issued under the 2001 Plan. As of March 6, 2001, Nonincentive Options had been granted for 258,000 shares under the 2001 Plan.

#### Granting of Options

The Committee may grant Options or Restricted Stock from time to time in its discretion. On January 15, 2001, the Committee granted Nonincentive Options covering 258,000 shares to 68 employees of the Company at an exercise price per share of \$21.53125, the fair market value of the Company's common stock on the date of grant. No Incentive Options have been granted or Restricted Stock awards made under the 2001 Plan. The granting of the Nonincentive Options was not conditioned on stockholder approval of the 2001 Plan and such Options will remain outstanding whether or not the 2001 Plan is approved by stockholders. However, if the 2001 Plan is not approved by stockholders at the 2001 Annual Meeting, no further awards of Options or Restricted Stock will be made under the 2001 Plan.

## NEW PLAN BENEFIT TABLE

The table below shows the Nonincentive Options granted under the 2001 Plan:

NAME AND PRINCIPAL POSITION -----	DOLLAR VALUE -----	NUMBER OF SHARES(2) -----
J. H. Pyne..... President, Director and Chief Executive Officer		0
C. Berdon Lawrence..... Chairman of the Board	(1)	55,000
Steven P. Valerius..... President, Kirby Inland Marine, Inc.		0
Norman W. Nolen..... Executive Vice President and Treasurer		0
Dorman L. Strahan..... President, Kirby Engine Systems, Inc.		0
Executive Officers as a Group.....	(1)	89,000
Nonexecutive Directors.....		0
All Employees (excluding executive officers).....	(1)	169,000
-----		

(1) The exercise price of the Options is \$21.53125 per share, the fair market value of the Company's common stock on the date of grant. The closing price of the Company's common stock on the New York Stock Exchange on March 5, 2001 was \$20.37. None of the Options are presently exercisable; they become exercisable in equal portions on the first three anniversaries of the date of grant, which was January 15, 2001.

(2) At the same time as the Options shown in the table were granted, the Committee granted nonincentive stock options on the same terms under the Company's 1996 Employee Stock Option Plan to Mr. Pyne (110,000 shares), Mr. Valerius (30,000 shares), Mr. Nolen (30,000 shares) and Mr. Strahan (10,000 shares).

#### Exercise Price of Options

The exercise price of Options granted under the 2001 Plan shall be any price determined by the Committee, but may not be less than the fair market value of the common stock on the date of grant. The exercise price of Incentive Options shall not be less than 110% of the fair market value on the date of grant if the optionee owns, directly or indirectly, stock possessing more than 10% of the total combined voting power of all classes of stock of the Company.

#### Exercise Price of Restricted Stock Awards

The price, if any, to be paid by a recipient for Restricted Stock awarded under the 2001 Plan shall be determined by the Committee.

#### Payment of Exercise Price

Unless further limited by the Committee, the exercise price of an Option shall be paid solely in cash, by certified or cashier's check, by money order, by personal check or by delivery of shares of common stock owned by the optionee for at least six months, or by a combination of the foregoing. If the exercise price is paid in whole or in part with shares of common stock, the value of the shares surrendered shall be their fair market value on the date received by the Company.

#### Restrictions on Transfer of Options

No Option granted under the 2001 Plan is assignable or transferable otherwise than by will or by the laws of descent and distribution. During the lifetime of an optionee, an Option is exercisable only by the optionee or the guardian or legal representative of the optionee.

#### Restrictions on Transfer of Restricted Stock

A participant may not sell, transfer, assign or pledge shares of Restricted Stock until the shares have vested. Stock certificates representing the Restricted Stock shall either be held by the Company or delivered to the participant bearing a legend to restrict transfer of the certificate until the Restricted Stock has vested. At the time the Restricted Stock vests, a certificate for the vested shares will be delivered to the participant free of transfer restrictions.

#### Exercisability of Options

In granting Options, the Committee, in its sole discretion, may determine the terms and conditions under which the Options shall be exercisable.

The Committee also has the right, exercisable in its sole discretion, to accelerate the date on which all or any portion of an Option may be exercised or otherwise waive or amend any conditions in respect of all or a portion of the Options held by an optionee.

In the event of a Change of Control (as defined in the 2001 Plan), all Options outstanding at the time of the Change in Control will become immediately exercisable unless otherwise provided in the option agreement.

#### Vesting of Restricted Stock

In granting Restricted Stock awards, the Committee, in its sole discretion, may determine the terms and conditions under which the Restricted Stock awards shall vest.

The Committee also has the right, exercisable in its sole discretion, to accelerate the date on which Restricted Stock may vest or otherwise waive or amend any conditions in respect of a grant of Restricted Stock.

In the event of a Change of Control (as defined in the 2001 Plan), all shares of Restricted Stock will vest unless the Restricted Stock agreement with the recipient specifies otherwise.

#### Expiration of Options

The expiration date of an Option will be determined by the Committee at the time of the grant.

If an optionee's employment is terminated for cause, any Options held by the optionee terminate automatically and without notice. The 2001 Plan further provides that in most instances an Option must be exercised by the optionee within 30 days after the termination of an optionee's employment with the Company (for any reason other than termination for cause, mental or physical disability or death), if and to the extent such Option was exercisable on the date of such termination.

Generally, if an optionee's termination of employment is due to mental or physical disability, the optionee will have the right to exercise an Option (to the extent otherwise exercisable on the date of termination) for a period of one year from the date on which the optionee suffers the mental or physical disability. If an optionee dies while actively employed by the Company, an Option may be exercised (to the extent otherwise exercisable on the date of death) within one year of the date of the optionee's death by the optionee's legal representative or legatee. If the optionee dies following termination of employment, but within either the 30-day period described in the preceding paragraph or during a period of disability, the employee's beneficiary will have six months to exercise the Option.

The Committee may extend the termination date of a Nonincentive Option to a date not later than the tenth anniversary of the date of the grant of the Option.

#### Expiration of Restricted Stock Awards

The requirements for vesting of Restricted Stock will be determined by the Committee at the time of the grant.

If an employee's employment is terminated before all of the Restricted Stock held by the employee has vested, the shares of Restricted Stock that have not vested shall be forfeited and any purchase price paid by the employee shall be returned to the employee. If other conditions to the vesting of Restricted Stock have not been satisfied prior to any deadline established by the Committee, the shares of Restricted Stock shall be forfeited and any purchase price paid by the employee shall be returned to the employee.

#### Expiration of the 2001 Plan

The 2001 Plan will be of unlimited duration. However, no Incentive Options shall be granted on or after the tenth anniversary of the approval of the 2001 Plan by the stockholders of the Company.

#### Adjustments

The 2001 Plan provides for adjustments to the number of shares with respect to which Options or Restricted Stock may be granted, to the number of shares subject to outstanding Options and to the exercise price of outstanding Options in the event of a declaration of a stock dividend or any recapitalization resulting in a stock split, combination or exchange of shares of common stock.

#### Amendments

The Board of Directors may amend, suspend or terminate the 2001 Plan at any time, provided that the action may not impair the rights of the holder of outstanding Options or Restricted Stock without the written consent of such holder.

#### Registration

The Company anticipates registering the shares issuable pursuant to the exercise of Options or the grant of Restricted Stock awards with the Securities and Exchange Commission (the "SEC") in 2001.

#### Stockholder Approval

Approval of the 2001 Plan by stockholders of the Company is required by the Company's Board of Directors and is also a condition for qualifying Incentive Options as such under the Internal Revenue Code of 1986, as amended (the "Code"). Stockholder approval also is one of the conditions of Rule 16b-3, a rule promulgated by the SEC that provides an exemption from the operation of the "short-swing profit" recovery provisions of Section 16(b) of the Exchange Act with respect to the acquisition of Options by the Company's officers and directors and the use of already owned common stock as full or partial payment of the exercise price of Options granted under the 2001 Plan.

On January 15, 2001, the Committee granted Nonincentive Options covering 258,000 shares to 68 employees of the Company at an exercise price per share of \$21.53125, the fair market value of the Company's common stock on the date of grant. No Incentive Options have been granted or Restricted Stock awards made under the 2001 Plan. The granting of the Nonincentive Options was not conditioned on stockholder approval of the 2001 Plan and such Options will remain outstanding whether or not the 2001 Plan is approved by stockholders. However, if the 2001 Plan is not approved by stockholders at the 2001 Annual Meeting, no further awards of Options or Restricted Stock will be made under the 2001 Plan.

## FEDERAL INCOME TAX CONSEQUENCES

## Grants of Options

Under current tax laws, the grant of an Option will not be a taxable event to the recipient and the Company will not be entitled to a deduction with respect to such grant.

## Exercise of Nonincentive Options and Subsequent Sale of Stock

Upon the exercise of a Nonincentive Option, an optionee will recognize ordinary income at the time of exercise equal to the excess of the then fair market value of the shares of common stock received over the exercise price. The taxable income recognized upon exercise of a Nonincentive Option will be treated as compensation income subject to withholding and the Company will be entitled to deduct as a compensation expense an amount equal to the ordinary income an optionee recognizes with respect to such exercise. When common stock received upon the exercise of a Nonincentive Option subsequently is sold or exchanged in a taxable transaction, the holder thereof generally will recognize capital gain (or loss) equal to the difference between the total amount realized and the adjusted tax basis in the shares (the exercise price plus the amount of ordinary income recognized at the time of exercise). The character of such gain or loss as long-term or short-term capital gain or loss will depend upon the holding period of the shares following exercise. Special tax rules apply when all or a portion of the exercise price of a Nonincentive Option is paid by the delivery of already owned shares.

## Exercise of Incentive Options and Subsequent Sale of Stock

The exercise of an Incentive Option will not be taxable to the optionee and the Company will not be entitled to any deduction with respect to such exercise. However, to qualify for the favorable tax treatment of incentive stock options under the Code, the optionee may not dispose of the shares of common stock acquired upon the exercise of an Incentive Option until after the later of two years following the date of grant or one year following the date of exercise, a disposition within such period being a "disqualifying disposition." The surrender of shares of common stock acquired upon the exercise of an Incentive Option in payment of the exercise price of another option within the required holding period for incentive stock options under the Code will be a disqualifying disposition of the surrendered shares. Upon any subsequent taxable disposition of shares of common stock received upon exercise of a qualifying Incentive Option, the optionee generally will recognize long-term or short-term capital gain (or loss) equal to the difference between the total amount realized and the exercise price of the Incentive Option.

If an Option that was intended to be an incentive stock option under the Code does not qualify for favorable incentive stock option treatment under the Code due to the failure to satisfy the holding period requirements, the optionee may recognize ordinary income in the year of the disqualifying disposition. Provided the amount realized in the disqualifying disposition exceeds the exercise price, the ordinary income an optionee shall recognize in the year of a disqualifying disposition shall be the lowest of (i) the excess of the amount realized over the exercise price or (ii) the excess of the fair market value of the common stock at the time of the exercise over the exercise price, and the Company generally will be entitled to a deduction for the amount of ordinary income recognized by the optionee. In addition, the optionee shall recognize capital gain on the disqualifying disposition in the amount, if any, by which the amount realized in the disqualifying disposition exceeds the fair market value of the common stock at the time of the exercise. Such capital gain shall be taxable as long-term or short-term capital gain, depending on the optionee's holding period for such shares. Special tax rules apply when all or a portion of the exercise price of an Incentive Option is paid by delivery of already owned shares.

Notwithstanding the favorable tax treatment of Incentive Options for regular tax purposes, as described above, for alternative minimum tax purposes, an Incentive Option is generally treated in the same manner as a Nonincentive Option. Accordingly, an optionee must generally include, as alternative minimum taxable income for the year in which an Incentive Option is exercised, the excess of the fair market value on the date of exercise of the shares of common stock received over the exercise price. If, however, an optionee disposes of common stock acquired upon the exercise of an Incentive Option in the same calendar year as the exercise,

only an amount equal to the optionee's ordinary income for regular tax purposes with respect to such disqualifying disposition will be recognized for the optionee's calculation of alternative minimum taxable income in such calendar year.

#### Section 83(b) Election for Restricted Stock

Under Section 83(b) of the Code, if an employee receives Restricted Stock subject to a "substantial risk of forfeiture," the employee may elect to recognize ordinary income for the taxable year in which the Restricted Stock was received equal to the excess of the fair market value of the Restricted Stock on the date of the grant, determined without regard to the restrictions, over the amount paid for the Restricted Stock. Any gain or loss recognized upon a subsequent disposition of the shares will be capital gain or loss. If, after making the election, an employee forfeits any shares of Restricted Stock or sells Restricted Stock at a price below the fair market value on the date of grant, the employee is only entitled to a tax deduction with respect to the consideration paid for the Restricted Stock, not the amount elected to be included as income at the time of grant.

#### VOTE REQUIRED FOR APPROVAL

Assuming the presence of a quorum, the proposal to approve the 2001 Plan adopted by the Board of Directors of the Company requires the approval by the holders of a majority of the shares of common stock represented and voting in person or by proxy at the 2001 Annual Meeting. Proxies will be voted for or against such proposal in accordance with specifications marked thereon and, if no specification is made, will be voted in favor of such proposal.

If the 2001 Plan is not approved by the holders of a majority of the shares of common stock represented at the 2001 Annual Meeting:

- each Nonincentive Option previously granted under the 2001 Plan will remain outstanding; and
- no further Options or Restricted Stock will be granted under the 2001 Plan.

THE BOARD OF DIRECTORS OF KIRBY UNANIMOUSLY RECOMMENDS A VOTE "FOR" THE PROPOSAL TO APPROVE THE 2001 EMPLOYEE STOCK OPTION PLAN.

#### OTHER BUSINESS (ITEM 3)

The Board of Directors knows of no other business to be brought before the Annual Meeting. However, if any other matters are properly presented, it is the intention of the persons named in the accompanying proxy to take such action as in their judgment is in the best interest of the Company and its stockholders.

#### RELATIONSHIP WITH INDEPENDENT PUBLIC ACCOUNTANTS

KPMG LLP served as the Company's principal independent public accountants during 2000 and will continue to serve as the Company's principal independent public accountants for the current year. Representatives of KPMG LLP are expected to be present at the 2001 Annual Meeting of Stockholders, with the opportunity to make a statement if they desire to do so, and are expected to be available to respond to appropriate questions.

#### AUDIT COMMITTEE REPORT

The Audit Committee of the Board of Directors of the Company is responsible for monitoring the integrity of the Company's financial reporting, accounting procedures and internal controls. The Audit Committee is composed of four directors, all of whom are independent within the meaning of New York Stock Exchange standards. The Audit Committee operates under a written charter adopted by the Board of Directors. A copy of the charter is attached to this Proxy Statement as Exhibit B.

Management is primarily responsible for the Company's financial reporting process and internal controls. The Company's independent auditors are responsible for performing an audit of the Company's financial statements and issuing a report on the conformity of the financial statements with generally accepted accounting principles. The Audit Committee is responsible for overseeing those processes.

The Audit Committee has reviewed and discussed the audited financial statements of the Company for the year ended December 31, 2000 with management and the independent auditors. The Audit Committee also discussed with the independent auditors the matters required by Statement on Auditing Standards No. 61 (Communication with Audit Committees), received written disclosures from the independent auditors required by Independence Standards Board Standard No. 1 (Independence Discussions with Audit Committees) and discussed with the independent auditors their independence.

Based on the Audit Committee's review of the audited financial statements for the year ended December 31, 2000 and the Audit Committee's discussions with management and the independent auditors, the Audit Committee recommended to the Board of Directors of the Company that the audited financial statements be included in the Company's Annual Report on Form 10-K for the year ended December 31, 2000, which has been filed with the Securities and Exchange Commission.

#### AUDIT COMMITTEE

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

#### AUDIT FEES

The aggregate fees billed by the Company's independent accounting firm for professional services rendered in connection with the audit of the Company's annual financial statements for the year ended December 31, 2000 and the review of the Company's quarterly financial statements included in its Quarterly Reports on Form 10-Q for the year were \$165,000.

#### FINANCIAL INFORMATION SYSTEMS DESIGN AND IMPLEMENTATION FEES

The Company did not engage its principal independent accounting firm to perform any services related to the design or implementation of financial information systems during 2000.

#### ALL OTHER FEES

The Company's principal independent accounting firm billed the Company an aggregate of \$177,000 in fees for all other nonaudit services performed during 2000.

The Audit Committee has considered whether the provision of nonaudit services is compatible with maintaining the independence of the Company's principal accounting firm.

## STOCKHOLDER PROPOSALS FOR 2002 ANNUAL MEETING

Stockholder proposals must be received by the Company at its principal executive offices no later than November 8, 2001 to be considered for inclusion in the Company's proxy statement and form of proxy for the 2002 Annual Meeting of Stockholders.

Under the Company's Bylaws, written notice (containing the information required by the Bylaws) of any proposal for action at an annual meeting of stockholders (whether or not proposed for inclusion in the Company's proxy materials) must be received by the Company at its principal executive offices not less than 90 nor more than 120 days prior to the anniversary date of the prior year's annual meeting of stockholders and must be a proper subject for stockholder action.

BY ORDER OF THE BOARD OF DIRECTORS

THOMAS G. ADLER  
Secretary

March 6, 2001  
Houston, Texas

## KIRBY CORPORATION

## 2001 EMPLOYEE STOCK OPTION PLAN

## ARTICLE I. GENERAL

SECTION 1.1. Purpose. The purpose of this Plan is to advance the interests of Kirby Corporation, a Nevada corporation (the "Company"), by providing an additional incentive to attract and retain qualified and competent employees for the Company and its subsidiaries, upon whose efforts and judgment the success of the Company is largely dependent, through the encouragement of stock ownership in the Company by such persons.

SECTION 1.2. Definitions. As used herein, the following terms shall have the meaning indicated:

(a) "Board" means the Board of Directors of the Company.

(b) "Change in Control" means the occurrence of any of the following events:

(i) Any "person" (as such term is used in Sections 13(d) and 14(d)(2) of the Securities Exchange Act of 1934, as amended) becomes the beneficial owner, directly or indirectly, of voting securities representing thirty percent (30%) or more of the combined voting power of the Company's then outstanding voting securities or, if a person is the beneficial owner, directly or indirectly, of voting securities representing thirty percent (30%) or more of the combined voting power of the Company's outstanding voting securities as of the date the particular Option is granted, such person becomes the beneficial owner, directly or indirectly, of additional voting securities representing ten percent (10%) or more of the combined voting power of the Company's then outstanding voting securities;

(ii) During any period of twelve (12) months, individuals who at the beginning of such period constitute the Board cease for any reason to constitute a majority of the Directors unless the election, or the nomination for election by the Company's stockholders, of each new Director was approved by a vote of at least a majority of the Directors then still in office who were Directors at the beginning of the period;

(iii) The stockholders of the Company approve (A) any consolidation or merger of the Company or any Subsidiary that results in the holders of the Company's voting securities immediately prior to the consolidation or merger having (directly or indirectly) less than a majority ownership interest in the outstanding voting securities of the surviving entity immediately after the consolidation or merger, (B) any sale, lease, exchange or other transfer (in one transaction or a series of related transactions) of all or substantially all of the assets of the Company or (C) any plan or proposal for the liquidation or dissolution of the Company;

(iv) The stockholders of the Company accept a share exchange, with the result that stockholders of the Company immediately before such share exchange do not own, immediately following such share exchange, at least a majority of the voting securities of the entity resulting from such share exchange in substantially the same proportion as their ownership of the voting securities outstanding immediately before such share exchange; or

(v) Any tender or exchange offer is made to acquire thirty percent (30%) or more of the voting securities of the Company, other than an offer made by the Company, and shares are acquired pursuant to that offer.

For purposes of this definition, the term "voting securities" means equity securities, or securities that are convertible or exchangeable into equity securities, that have the right to vote generally in the election of Directors.

(c) "Code" means the Internal Revenue Code of 1986, as amended.

(d) "Committee" means the Compensation Committee, if any, appointed by the Board.

(e) "Date of Grant" means the date on which the Committee takes formal action to grant an Option or a Restricted Stock Award to an Eligible Person.

(f) "Director" means a member of the Board.

(g) "Eligible Person" means an employee of the Company or a Subsidiary.

(h) "Fair Market Value" of a Share means the mean of the high and low sales price on the New York Stock Exchange on the day of reference as quoted in any newspaper of general circulation or, if the Shares shall not have been traded on such exchange on such date, the mean of the high and low sales price on such exchange on the next day prior thereto on which the Shares were so traded, as quoted in any newspaper of general circulation. If the Shares are not listed for trading on the New York Stock Exchange, the Fair Market Value on the date of reference shall be determined by any fair and reasonable means prescribed by the Committee.

(i) "Incentive Stock Option" means an option that is an incentive stock option as defined in Section 422 of the Code.

(j) "Nonincentive Stock Option" means an option that is not an Incentive Stock Option.

(k) "Option" means any option granted under this Plan.

(l) "Optionee" means a person to whom a stock option is granted under this Plan or any successor to the rights of such person under this Plan by reason of the death of such person.

(m) "Participant" means a person to whom a Restricted Stock Award is granted under the Plan.

(n) "Plan" means this 2001 Employee Stock Option Plan for Kirby Corporation.

(o) "Restricted Stock" means Shares granted under this Plan that are subject to restrictions imposed by the Committee pursuant to Article III.

(p) "Restricted Stock Award" means an award of Restricted Stock under this Plan.

(q) "Share" means a share of the common stock, par value ten cents (\$0.10) per share, of the Company.

(r) "Subsidiary" means any corporation (other than the Company) in any unbroken chain of corporations beginning with the Company if each of the corporations other than the last corporation in the unbroken chain owns stock possessing 50% or more of the total combined voting power of all classes of stock in one of the other corporations in the chain.

SECTION 1.3. Total Shares. The maximum number of Shares that may be issued under the Plan shall be One Million (1,000,000) Shares, which may be from Shares held in the Company's treasury or from authorized and unissued Shares. If any Option or Restricted Stock Award granted under the Plan shall terminate, expire or be cancelled or surrendered as to any Shares, new Options or Restricted Stock Awards may thereafter be granted covering such Shares.

SECTION 1.4. Awards Under the Plan. Only Eligible Persons may receive awards under the Plan. Awards to Eligible Persons may be in the form of Options or shares of Restricted Stock. No Option or Restricted Stock Award shall confer on any person any right to continue as an employee of the Company or any Subsidiary.

## ARTICLE II. STOCK OPTIONS

SECTION 2.1. Grant of Options. The Company may from time to time grant Options to Eligible Persons. Options may be Incentive Stock Options or Nonincentive Stock Options as designated by the Committee on the Date of Grant. If no such designation is made by the Committee for an Option, the Option shall be a Nonincentive Stock Option. The aggregate Fair Market Value (determined as of the Date of Grant) of the Shares with respect to which Incentive Stock Options are exercisable for the first time by an Optionee during any calendar year under the Plan and all such plans of the Company and any parent or subsidiary of the Company (as defined in Section 424 of the Code) shall not exceed \$100,000. Each Option shall be evidenced by an option agreement containing any terms deemed necessary or desirable by the Committee that are not inconsistent with the Plan or applicable law.

SECTION 2.2. Exercise Price. The exercise price per Share for any Option shall be determined by the Committee, but shall not be less than the Fair Market Value on the Date of Grant and shall not be less than 110% of the Fair Market Value on the Date of Grant for any Incentive Stock Option if the Optionee is a person who owns directly or indirectly (within the meaning of Section 422(b)(6) of the Code) stock possessing more than 10% of the total combined voting power of all classes of stock of the Company.

SECTION 2.3. Term of Option. The term of an Option shall be determined by the Committee, provided that, in the case of an Incentive Stock Option, the term of the Option shall not exceed ten years from the Date of Grant unless the grant is to a person who owns directly or indirectly (within the meaning of Section 422(b)(6) of the Code) stock possessing more than 10% of the total combined voting power of all classes of the Company, in which case the term of the Option shall not exceed five years from the Date of Grant. Notwithstanding any other provision of this Plan, no Option shall be exercised after the expiration of its term.

SECTION 2.4. Vesting. Options shall be exercisable at such times and subject to such terms and conditions as the Committee shall specify in the option agreement. Unless the option agreement specifies otherwise, the Committee shall have discretion at any time to accelerate such times and otherwise waive or amend any conditions in respect of all or any portion of the Options held by any Optionee. Notwithstanding the other provisions of this Section 2.4 and unless otherwise provided in the option agreement, upon the occurrence of a Change in Control, all Options outstanding at the time of the Change in Control shall become immediately exercisable.

SECTION 2.5. Termination of Options.

(a) Except as otherwise provided in the option agreement, the portion of an Option that is exercisable shall automatically and without notice terminate upon the earliest to occur of the following:

(i) thirty (30) days after the date on which Optionee ceases to be an Employee for any reason other than (x) death, (y) mental or physical disability as determined by a medical doctor satisfactory to the Committee or (z) termination for cause;

(ii) one (1) year after the date on which Optionee ceases to be an Employee as a result of a mental or physical disability as determined by a medical doctor satisfactory to the Committee;

(iii) either (y) one (1) year after the death of Optionee or (z) six (6) months after the death of Optionee if Optionee dies during the 30-day period described in Section 2.5(a)(i) or the one-year period described in Section 2.5(a)(ii);

(iv) the date on which Optionee ceases to be an Employee as a result of a termination for cause; and

(v) the tenth anniversary of the Date of Grant of the Option.

(b) The portion of an Option that is not exercisable shall automatically and without notice terminate on the date on which Optionee ceases to be an Employee for any reason.

(c) The Committee shall have discretion at any time to extend the term of any Nonincentive Stock Option to any date that is not later than the date described in Section 2.5(a)(v).

SECTION 2.6. Exercise of Options. An Option may be exercised in whole or in part to the extent exercisable in accordance with Section 2.4 and the option agreement. An Option shall be deemed exercised when (i) the Company has received written notice of such exercise in accordance with the terms of the Option and (ii) full payment of the aggregate exercise price of the Shares as to which the Option is exercised has been made. Unless further limited by the Committee in any Option, the exercise price of any Shares purchased shall be paid solely in cash, by certified or cashier's check, by money order, by personal check or with Shares owned by the Optionee for at least six months, or by a combination of the foregoing. If the exercise price is paid in whole or in part with Shares, the value of the Shares surrendered shall be their Fair Market Value on the date received by the Company.

SECTION 2.7. Adjustment of Shares.

(a) If at any time while the Plan is in effect or unexercised Options are outstanding, there shall be any increase or decrease in the number of issued and outstanding Shares through the declaration of a stock dividend or through any recapitalization resulting in a stock split, combination or exchange of Shares, then and in such event:

(i) appropriate adjustment shall be made in the maximum number of Shares then subject to being optioned under the Plan so that the same proportion of the Company's issued and outstanding Shares shall continue to be subject to being so optioned, and

(ii) appropriate adjustment shall be made in the number of Shares and the exercise price per Share thereof then subject to any outstanding Option, so that the same proportion of the Company's issued and outstanding Shares shall remain subject to purchase at the same aggregate exercise price.

(b) In the event of a merger, consolidation or other reorganization of the Company in which the Company is not the surviving entity, the Board or the Committee may provide for any or all of the following alternatives: (i) for Options to become immediately exercisable, (ii) for exercisable Options to be cancelled immediately prior to such transaction, (iii) for the assumption by the surviving entity of the Plan and the Options, with appropriate adjustments in the number and kind of shares and exercise prices or (iv) for payment in cash or stock in lieu of and in complete satisfaction of Options.

(c) Any fractional shares resulting from any adjustment under this Section 2.7 shall be disregarded and each Option shall cover only the number of full shares resulting from such adjustment.

(d) Except as otherwise expressly provided herein, the issuance by the Company of shares of its capital stock of any class, or securities convertible into shares of capital stock of any class, either in connection with direct sale or upon the exercise of rights or warrants to subscribe therefor, or upon conversion of shares or obligations of the Company convertible into such shares or other securities, shall not affect, and no adjustment by reason thereof shall be made with respect to, the number of or exercise price of Shares then subject to outstanding Options granted under the Plan.

(e) Without limiting the generality of the foregoing, the existence of outstanding Options granted under the Plan shall not affect in any manner the right or power of the Company to make, authorize or consummate (i) any or all adjustments, recapitalizations, reorganizations or other changes in the Company's capital structure or its business; (ii) any merger or consolidation of the Company; (iii) any issue by the Company of debt securities, or preferred or preference stock that would rank above the Shares subject to outstanding Options; (iv) the dissolution or liquidation of the Company; (v) any sale, transfer or assignment of all or any part of the assets or business of the Company; or (vi) any other corporate act or proceeding, whether of a similar character or otherwise.

SECTION 2.8. Transferability of Options. An Option shall not be transferable by the Optionee otherwise than by will or the laws of descent and distribution. So long as an Optionee lives, only such Optionee or his or her guardian or legal representative shall have the right to exercise such Option.

SECTION 2.9. Issuance of Shares. No person shall be, or have any of the rights or privileges of, a stockholder of the Company with respect to any of the Shares subject to any Option unless and until certificates representing such Shares shall have been issued and delivered to such person.

## ARTICLE III. RESTRICTED STOCK

SECTION 3.1. Grant of Restricted Stock Awards. The Committee may from time to time grant Restricted Stock Awards to Eligible Persons. Subject to the provisions of the Plan and applicable law, all Restricted Stock Awards under the Plan shall be in such form and shall have such terms and conditions as the Committee, in its discretion, may from time to time determine.

SECTION 3.2. Terms and Conditions of Restricted Stock Awards. Each Restricted Stock Award shall specify the number of shares of Restricted Stock awarded, the price, if any, to be paid by the Participant receiving the Restricted Stock Award and the date or dates on which the Restricted Stock will vest. The vesting and number of shares of Restricted Stock may be conditioned upon the completion of a specified period of service with the Company or its Subsidiaries or upon the attainment of any performance goals established by the Committee, including without limitation goals related to the performance of the Company or any Subsidiary, division, department or other unit of the Company, the performance of the Company's common stock or other securities, the performance of the recipient of the Restricted Stock Award or any combination of the foregoing.

SECTION 3.3. Restrictions on Transfer. Unless otherwise provided in the grant relating to a Restricted Stock Award, stock certificates representing the Restricted Stock granted to a Participant shall be registered in the Participant's name or, at the option of the Committee, not issued until such time as the Restricted Stock shall become vested or as otherwise determined by the Committee. If certificates are issued prior to the shares of Restricted Stock becoming vested, such certificates shall either be held by the Company on behalf of the Participant, or delivered to the Participant bearing a legend to restrict transfer of the certificate until the Restricted Stock has vested, as determined by the Committee. The Committee shall determine whether the Participant shall have the right to vote and/or receive dividends on the Restricted Stock before it has vested. Except as may otherwise be expressly permitted by the Committee, no share of Restricted Stock may be sold, transferred, assigned or pledged by the Participant until such share has vested in accordance with the terms of the Restricted Stock Award. Unless the grant of a Restricted Stock Award specifies otherwise, in the event of a Participant's termination of employment before all the Participant's Restricted Stock has vested, or in the event other conditions to the vesting of Restricted Stock have not been satisfied prior to any deadline for the satisfaction of such conditions set forth in the award, the shares of Restricted Stock that have not vested shall be forfeited and any purchase price paid by the Participant shall be returned to the Participant. At the time Restricted Stock vests (and, if the Participant has been issued legended certificates for Restricted Stock, upon the return of such certificates to the Company), a certificate for such vested shares shall be delivered to the Participant (or the beneficiary designated by the Participant in the event of death), free of all restrictions.

SECTION 3.4. Accelerated Vesting. Notwithstanding the vesting conditions set forth in a Restricted Stock Award, unless the Restricted Stock Award grant or other agreement with the Participant specifies otherwise:

(a) the Committee may in its discretion at any time accelerate the vesting of Restricted Stock or otherwise waive or amend any conditions of a grant of a Restricted Stock Award, and

(b) all shares of Restricted Stock shall vest upon a Change of Control of the Company.

SECTION 3.5. Section 83(b) Election. If a Participant receives Restricted Stock that is subject to a "substantial risk of forfeiture," such Participant may elect under Section 83(b) of the Code to include in his or her gross income, for the taxable year in which the Restricted Stock is received, the excess of the Fair Market Value of such Restricted Stock on the Date of Grant (determined without regard to any restriction other than one which by its terms will never lapse), over the amount paid for the Restricted Stock. If the Participant makes the Section 83(b) election, the Participant shall (a) make such election in a manner that is satisfactory to the Committee, (b) provide the Company with a copy of such election, (c) agree to promptly notify the Company if any Internal Revenue Service or state tax agent, on audit or otherwise, questions the validity or correctness of such election or of the amount of income reportable on account of such election and (d) agree to such federal and state income tax withholding as the Committee may reasonably require in its sole discretion.

## ARTICLE IV. ADDITIONAL PROVISIONS

SECTION 4.1. Administration of the Plan. The Plan shall be administered by the Committee. The Committee shall have the authority to interpret the provisions of the Plan, to adopt such rules and regulations for carrying out the Plan as it may deem advisable, to decide conclusively all questions arising with respect to the Plan and to make all other determinations and take all other actions necessary or desirable for the administration of the Plan. All decisions and acts of the Committee shall be final and binding upon all affected Optionees and Participants. If there is no Committee, the Board shall administer the Plan and in such case all references to the Committee shall be deemed to be references to the Board.

SECTION 4.2. Amendment. The Board may amend or modify the Plan in any respect at any time. Such action shall not impair any of the rights of any holder of any Option or Restricted Stock outstanding on the date of the amendment or modification without the holder's written consent.

SECTION 4.3. Duration and Termination. The Plan shall be of unlimited duration, provided that no Incentive Stock Option shall be granted under the Plan on or after the tenth anniversary of the approval of the Plan by the stockholders of the Company. The Board may suspend, discontinue or terminate the Plan at any time. Such action shall not impair any of the rights of any holder of any Option or Restricted Stock outstanding on the date of the Plan's suspension, discontinuance or termination without the holder's written consent.

SECTION 4.4. Withholding. Prior to the issuance of any Shares under the Plan, arrangements satisfactory to the Committee in its sole discretion shall have been made for the Optionee's or Participant's payment to the Company of the amount, if any, that the Committee determines to be necessary for the Company or Subsidiary employing the Optionee or Participant to withhold in accordance with applicable federal or state income tax withholding requirements.

SECTION 4.5. Agreements and Undertakings. As a condition of any issuance or transfer of a certificate for Shares, the Committee may obtain such agreements or undertakings, if any, as it may deem necessary or advisable to assure compliance with any provision of the Plan, any agreement or any law or regulation including, but not limited to, the following:

(a) a representation, warranty or agreement by the Optionee or Participant to the Company that the Optionee or Participant is acquiring the Shares for investment and not with a view to, or for sale in connection with, the distribution of any such Shares; and

(b) a representation, warranty or agreement to be bound by any legends that are, in the opinion of the Committee, necessary or appropriate to comply with the provisions of any securities law deemed by the Committee to be applicable to the issuance of the Shares and are endorsed on the Share certificates.

SECTION 4.6. Governing Law. The Plan shall be governed by the laws of the State of Texas except to the extent that federal law or Nevada corporate law is controlling.

SECTION 4.7. Effective Date. The Plan shall be effective as of January 15, 2001. If the Plan is not approved by a majority of the Company's stockholders represented in person or by proxy at a duly convened meeting on or before the first anniversary of the effective date of the Plan, (a) each Nonincentive Stock Option theretofore granted under the Plan shall remain outstanding, (b) each Incentive Stock Option theretofore granted under the Plan shall be deemed to be a Nonincentive Stock Option and shall remain outstanding as such, (c) any Restricted Stock theretofore granted under the Plan shall remain outstanding and (d) no further Options or Restricted Stock shall be granted under the Plan after the first anniversary of the effective date of the Plan or, if earlier, the date of a meeting of stockholders of the Company at which the Plan is proposed for approval but is not approved.

ADOPTED BY THE BOARD: January 15, 2001

## KIRBY CORPORATION

## AUDIT COMMITTEE CHARTER

## I. PURPOSE

The purpose of the Audit Committee of the Board of Directors of Kirby Corporation (the "Company") is to assist the Board in fulfilling its responsibilities by:

1. monitoring the integrity of the Company's financial reporting, accounting procedures and systems of internal controls;
2. monitoring the independence and performance of the Company's independent auditors and internal auditor; and
3. maintaining lines of communication among the Board, the independent auditors, the internal auditor and management.

## II. COMPOSITION AND MEETINGS

1. The Committee shall consist of at least three directors, each of whom has no relationship to the Company that may affect his or her independence from management of the Company and is "independent" within the meaning of applicable New York Stock Exchange ("NYSE") standards; provided that, for the transition period permitted by the NYSE, the Committee may consist of two directors who satisfy the requirements set forth in this Charter. The Board may make exceptions to the independence requirement in the circumstances permitted by the NYSE standards.

2. Each member of the Committee shall be financially literate in the judgment of the Board.

3. At least one member of the Committee must have accounting or related financial management expertise as the Board interprets such qualification in its judgment.

4. A Chairman of the Committee shall be appointed by the Board or, if the Board does not appoint a Chairman, the members of the Committee may designate a Chairman by majority vote of the full membership of the Committee.

5. The Committee will meet at such times as shall be scheduled by the Chairman. The Committee may meet in executive session or may request the attendance at any meeting of the independent auditors, the internal auditor, representatives of management or counsel to the Company.

6. The Committee will meet separately with the independent auditors and the internal auditor, without representatives of management present, at least annually.

7. The independent auditors, the internal auditor or counsel to the Company may at any time request a meeting with the Committee or the Chairman with or without representatives of management present.

## III. RELATIONSHIP WITH INDEPENDENT AUDITORS

1. The Company's independent auditors are ultimately accountable to the Board and the Committee.

2. The Board and the Committee have the ultimate authority and responsibility to (a) select, evaluate and, when appropriate, replace the independent auditors or (b) propose the independent auditors for stockholder approval.

3. The Committee is responsible for ensuring that the independent auditors submit to the Committee at least annually a formal written statement describing all relationships between the independent auditors and the Company and discussing with the independent auditors any disclosed relationships or services that may affect the objectivity or independence of the independent auditors. If the Committee has unresolved questions about the independence of the independent auditors, the Committee shall recommend to the Board appropriate action to satisfy the Committee and the Board of the independence of the independent auditors.

4. The Committee shall instruct the independent auditors to notify the Chairman of the Committee promptly of any material issues or developments that arise that are within the scope of the Committee's responsibilities.

#### IV. RELATIONSHIP WITH INTERNAL AUDITOR

1. The Company's internal auditor is ultimately accountable to the Board and the Committee.

2. The Board and the Committee have the ultimate authority and responsibility to select, evaluate and, when appropriate, replace the internal auditor.

#### V. RESPONSIBILITIES

1. Review and reassess the adequacy of the Audit Committee Charter annually.

2. Recommend to the Board the selection of the Company's independent auditors and approve terms of the engagement, including the fees and other compensation to be paid to the independent auditors.

3. Review with the independent auditors, the internal auditor and management the adequacy and effectiveness of the Company's accounting and financial controls and consider any recommendations for the improvement of internal controls.

4. With respect to the audited financial statements to be included in the Company's Annual Report on Form 10-K to be filed with the Securities and Exchange Commission:

(a) Review and discuss the financial statements with management and the independent auditors.

(b) Determine whether the independent auditors are satisfied with the disclosure and content of the financial statements and with any changes in accounting principles employed in the financial statements.

(c) Discuss with the independent auditors, without representatives of management present, their evaluation of the Company's financial, accounting and auditing personnel, systems and procedures and any significant difficulties encountered during the course of the audit, including any restrictions on the scope of the work or access to information.

(d) Discuss with the independent auditors the matters required to be discussed by AICPA Statement of Auditing Standards No. 61.

(e) Review and discuss with the independent auditors the written disclosure from the independent auditors required by Independence Standards Board Standard No. 1 relating to the independence of the independent auditors.

(f) Based on the foregoing review and discussions, recommend to the Board whether the audited financial statements should be included in the Company's Annual Report on Form 10-K.

(g) Prepare a report on the foregoing matters for inclusion in the Company's proxy statement for its annual meeting of stockholders.

5. Review the internal audit function of the Company, including the independence and authority of the internal auditor, the proposed internal audits for the coming year and the coordination of such internal audits with the independent auditors.

6. Review the findings from completed internal audits, the progress on proposed internal audits and the reasons for any deviations from the internal audit plan.

7. Investigate any matter brought to the attention of the Committee that is within the scope of its duties and responsibilities with the power to consult the Company's independent auditors and counsel and to retain, at Company expense, independent counsel, accountants or other consultants for such purpose if deemed necessary or appropriate by the Committee.

DETACH HERE

PLEASE MARK  
[X] VOTES AS IN  
THIS EXAMPLE.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" ALL OF THE FOLLOWING PROPOSALS:

1. To elect (8) directors to hold office until the expiration of their terms or until their successors have been duly elected and qualified.  
NOMINEES: C. Sean Day, Bob G. Gower, William M. Lamont, Jr.,  
C. Berdon Lawrence, George A. Peterkin, Jr., J.H. Pyne,  
Robert G. Stone, Jr., Richard C. Webb

FOR ALL [ ] WITHHELD [ ] FROM ALL  
NOMINEES NOMINEES

[ ] \_\_\_\_\_  
For all nominees except as noted above

2. To approve the Kirby Corporation 2001 Employee Stock Option Plan. FOR [ ] AGAINST [ ] ABSTAIN [ ]
3. In their discretion, the Proxies are authorized to vote upon such other business as may properly come before the meeting.

MARK HERE FOR ADDRESS CHANGE AND NOTE AT LEFT [ ]

PLEASE MARK, SIGN, DATE, AND RETURN THIS PROXY PROMPTLY USING THE ENCLOSED ENVELOPE.

Please execute this Proxy as your name(s) appear(s) hereon. When shares are held by joint owners, both should sign. When signing as attorney, executor, administrator, trustee, guardian, or other fiduciary or representative capacity, please set forth the full title. If a corporation, please sign in full corporate name by president or other authorized officer. If a partnership, please sign in partnership name by authorized person.

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

DETACH HERE

KIRBY CORPORATION  
 55 WAUGH DRIVE, SUITE 1000  
 P.O. BOX 1745  
 HOUSTON, TEXAS 77251-1745

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS OF  
 KIRBY CORPORATION.

The undersigned hereby appoints J.H. Pyne, Norman W. Nolen, G. Stephen Holcomb and Thomas G. Adler, and each of them, as Proxies, each with the power to appoint his substitute, and hereby authorizes each to represent and to vote, as designated below, all the shares of common stock, par value \$0.10 per share, of Kirby Corporation (the "Company") held of record by the undersigned as of the close of business on March 1, 2001, at the Annual Meeting of Stockholders to be held on April 17, 2001, in the Highland Room of the Four Seasons Hotel, 1300 Lamar, Houston, Texas 77010 at 10:00 A.M. (CDT) and any adjournment(s) thereof.

O THIS PROXY, WHEN PROPERLY EXECUTED, WILL BE VOTED IN THE MANNER DIRECTED HEREIN BY THE UNDERSIGNED STOCKHOLDER(S). IF NO DIRECTION IS MADE, X THIS PROXY WILL BE VOTED FOR THE PERSONS LISTED IN ITEM 1. SHOULD ANY OF THEM BECOME UNAVAILABLE FOR NOMINATION OR ELECTION OR REFUSE TO BE Y NOMINATED OR ACCEPT ELECTION AS A DIRECTOR OF THE COMPANY, THE PROXY WILL BE VOTED FOR THE ELECTION OF SUCH PERSON OR PERSONS AS MAY BE NOMINATED OR DESIGNATED BY THE BOARD OF DIRECTORS. IF NO DIRECTION IS MADE, THIS PROXY WILL BE VOTED FOR PROPOSAL 2. THE PROXIES WILL USE THEIR DISCRETION WITH RESPECT TO ANY MATTER REFERRED TO IN ITEM 3.

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 SEE REVERSE  
 SIDE

(CONTINUED AND TO BE SIGNED ON REVERSE SIDE)

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 SEE REVERSE  
 SIDE  
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