UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

[X] Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarter ended June 30, 2000

[ ] Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Commission File Number 1-7615

Kirby Corporation

(Exact name of registrant as specified in its charter)

Nevada	74-1884980
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)
55 Waugh Drive, Suite 1000, Houston, TX	77007
(Address of principal executive offices)	(Zip Code)

(713) 435-1000

(Registrant's telephone number, including area code)

No Change

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes [X] No [ ]

The number of shares outstanding of the registrant's Common Stock, $.10 par value per share, on August 7, 2000 was 24,506,370.

PART 1 - FINANCIAL INFORMATION

KIRBY CORPORATION AND CONSOLIDATED SUBSIDIARIES

CONDENSED BALANCE SHEETS

(Unaudited)

ASSETS

	June 30, 2000	December 31, 1999
	($ in thousands)	
Current assets:		
Cash and cash equivalents	$ 4,106	$ 3,571
Available-for-sale securities	9,850	13,091
Accounts receivable:		
Trade - less allowance for doubtful accounts	90,850	71,755
Insurance claims and other	9,586	6,637
Inventory - finished goods	11,758	13,127
Prepaid expenses	7,874	9,684
Deferred income taxes	3,360	4,958
Total current assets	137,384	122,823
Property and equipment	706,539	688,555
Less accumulated depreciation	249,452	236,704
	457,087	451,851
Investment in marine affiliates	13,237	14,941
Goodwill - less accumulated amortization	159,146	161,095
Other assets	1,801	2,687
	$768,655	$753,397

See accompanying notes to condensed financial statements.

KIRBY CORPORATION AND CONSOLIDATED SUBSIDIARIES

CONDENSED BALANCE SHEETS

(Unaudited)

LIABILITIES AND STOCKHOLDERS' EQUITY

	June 30, 2000	December 31, 1999
	($ in thousands)	
Current liabilities:		
Current portion of long-term debt	$ 5,335	$ 5,335
Income taxes payable	83	517
Accounts payable	40,140	29,909
Accrued liabilities	46,291	51,731
Deferred revenues	3,469	4,073
Total current liabilities	95,318	91,565
Long-term debt - less current portion	313,604	316,272
Deferred income taxes	90,580	92,794
Other long-term liabilities	13,308	12,730
	417,492	421,796
Contingencies and commitments	--	--
Stockholders' equity:		
Preferred stock, $1.00 par value per share. Authorized 20,000,000 shares	--	--
Common stock, $.10 par value per share. Authorized 60,000,000 shares, issued 30,907,000 shares	3,091	3,091
Additional paid-in capital	175,553	175,231
Accumulated other comprehensive income	(123)	(317)
Retained earnings	184,442	168,495
	362,963	346,500
Less cost of 6,402,000 shares in treasury (6,383,000 at December 31, 1999)	107,118	106,464
	255,845	240,036
	$ 768,655	$ 753,397

See accompanying notes to condensed financial statements.

KIRBY CORPORATION AND CONSOLIDATED SUBSIDIARIES

CONDENSED STATEMENTS OF EARNINGS

(Unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2000	1999	2000	1999
	($ in thousands, except per share amounts)			
Revenues:				
Marine transportation	$ 111,940	$ 63,672	$ 219,442	$ 121,401
Diesel engine services	18,268	20,383	37,222	41,135
	130,208	84,055	256,664	162,536
Costs and expenses:				
Costs of sales and operating expenses	79,833	54,157	161,366	107,095
Selling, general and administrative	14,726	8,661	29,897	17,900
Taxes, other than on income	2,437	1,964	5,012	3,689
Depreciation and amortization	11,754	6,829	23,515	13,509
Merger related charge	482	--	482	--
	109,232	71,611	220,272	142,193
Operating income	20,976	12,444	36,392	20,343
Equity in earnings of marine affiliates	804	609	1,641	1,490
Gain on disposition of assets	1,019	3	1,068	35
Other (expense) income	(95)	191	(251)	346
Interest expense	(5,964)	(2,569)	(11,827)	(5,114)
Earnings before taxes on income	16,740	10,678	27,023	17,100
Provision for taxes on income	(6,860)	(4,076)	(11,076)	(6,497)
Net earnings	$ 9,880	$ 6,602	$ 15,947	$ 10,603
Net earnings per share of common stock:				
Basic	$ .40	$ .33	$ .65	$ .52
Diluted	$ .40	$ .33	$ .65	$ .52

See accompanying notes to condensed financial statements.

KIRBY CORPORATION AND CONSOLIDATED SUBSIDIARIES

CONDENSED STATEMENTS OF CASH FLOWS

(Unaudited)

	Six months ended June 30, 2000	Six months ended June 30, 1999
	($ in thousands)	
Cash flows from operating activities:		
Net earnings	$ 15,947	$ 10,603
Adjustments to reconcile net earnings to net cash provided by operations:		
Depreciation and amortization	23,515	13,509
Provision for deferred income taxes	574	1,249
Equity in earnings of marine affiliates, net of distributions and contributions	1,744	(299)
Gain on disposition of assets	(1,068)	(35)
Merger related charge, net of cash expenditures	482	--
Other	740	26
Increase (decrease) in cash flows resulting from changes in operating working capital	(14,545)	7,466
Net cash provided by operating activities	27,389	32,519
Cash flows from investing activities:		
Proceeds from sale and maturities of investments	3,510	2,528
Capital expenditures	(28,102)	(9,382)
Proceeds from disposition of assets	2,994	645
Other	(40)	--
Net cash used in investing activities	(21,638)	(6,209)
Cash flows from financing activities:		
Borrowing (payments) on bank revolving credit agreements, net	47,500	(9,500)
Payments on long-term debt	(50,168)	(5,083)
Purchase of treasury stock	(2,715)	(11,838)
Other	167	132
Net cash used in financing activities	(5,216)	(26,289)
Increase in cash and cash equivalents	535	21
Cash and cash equivalents, beginning of year	3,571	861
Cash and cash equivalents, end of period	$ 4,106	$ 882
Supplemental disclosures of cash flow information: Cash paid during the period:		
Interest	$ 12,291	$ 4,886
Income taxes	$ 13,208	$ 6,043

See accompanying notes to condensed financial statements.

KIRBY CORPORATION AND CONSOLIDATED SUBSIDIARIES

NOTES TO CONDENSED FINANCIAL STATEMENTS

(Unaudited)

In the opinion of management, the accompanying unaudited condensed financial statements of Kirby Corporation and consolidated subsidiaries (the "Company") contain all adjustments (consisting of only normal recurring accruals) necessary to present fairly the financial position as of June 30, 2000 and December 31, 1999, and the results of operations for the three months and six months ended June 30, 2000 and 1999.

(1) BASIS FOR PREPARATION OF THE CONDENSED FINANCIAL STATEMENTS

The condensed financial statements included herein have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Although the Company believes that the disclosures are adequate to make the information presented not misleading, certain information and footnote disclosures, including significant accounting policies normally included in annual financial statements, have been condensed or omitted pursuant to such rules and regulations. It is suggested that these condensed financial statements be read in conjunction with the Company's latest Annual Report on Form 10-K.

(2) ACQUISITION

On October 12, 1999, the Company completed the acquisition of Hollywood Marine, Inc. ("Hollywood"), by means of a merger of Hollywood into Kirby Inland Marine, Inc., a wholly owned subsidiary of the Company. Pursuant to the Agreement and Plan of Merger, the Company acquired Hollywood for an aggregate consideration (before post-closing adjustments) of $320,788,000, consisting of $89,586,000 in common stock (4,384,000 shares at $20.44 per share), $128,658,000 in cash, the assumption and refinancing of $99,185,000 of Hollywood's existing debt and $3,359,000 of merger costs. A final post-closing working capital adjustment was completed on February 29, 2000 for an additional $1,802,000 in common stock (88,178 shares at $20.44 per share). The final total purchase consideration for the Hollywood acquisition was $322,590,000. C. Berdon Lawrence was the principal shareholder of Hollywood. Hollywood's operations were included as part of the Company's operations effective October 12, 1999 in accordance with the purchase method of accounting. Goodwill is amortized over 30 years.

Hollywood, located in Houston, Texas, was engaged in the inland tank barge transportation of chemicals and petrochemicals, refined petroleum products, pressurized products and black oil products primarily along the Gulf Intracoastal Waterway, the Houston Ship Channel and the lower Mississippi River. Hollywood operated a fleet of 270 inland tank barges, with 4.8 million barrels of capacity, and 104 inland towboats.

Financing for the cash portion of the transaction and the repayment of Hollywood's existing debt was through the Company's existing $100,000,000 undrawn bank revolving credit agreement with Chase Bank of Texas, N.A. ("Chase") as agent bank and through a new $200,000,000 credit facility with Bank of America, N.A. as syndication agent bank; Chase as administrative agent; and Bank One, Texas, N.A. as documentation agent.

KIRBY CORPORATION AND CONSOLIDATED SUBSIDIARIES

NOTES TO CONDENSED FINANCIAL STATEMENTS - (Continued)

(2) ACQUISITION - (Continued)

The following unaudited pro forma combined financial information for the three months and six months ended June 30, 1999 is based on historical financial information of the Company and Hollywood. The financial information assumes the merger was completed as of the beginning of the year indicated. The unaudited pro forma financial information is not necessarily indicative of the results of operations that would have occurred had the merger been consummated at the beginning of the year indicated, nor is the information indicative of the future results of operations (in thousands, except per share amounts):

	Three months ended June 30, 1999	Six months ended June 30, 1999
Revenues	$125,013	$243,925
Earnings before taxes on income	$ 12,103	$ 19,736
Net earnings	$ 7,064	$ 11,404
Net earnings per share of common stock -- diluted	$ .29	$ .46

(3) ADOPTION OF ACCOUNTING STANDARDS

Statement of Financial Accounting Standards ("SFAS") No. 133, "Accounting for Derivative Instruments and Hedging Activities," ("SFAS No. 133") issued in June 1998, establishes accounting and reporting standards for derivative instruments and hedging activities. This statement requires that an entity recognize all derivatives as either assets or liabilities in the statement of financial position and measure those instruments at fair value. With the issuance of SFAS No. 137, SFAS No. 133 is now effective for all quarters of fiscal years beginning after June 15, 2000. The Company plans to adopt SFAS No. 133, as amended, in the first quarter of 2001 and does not expect it to have a material effect on the Company's financial position or results of operations.

(4) COMPREHENSIVE INCOME

The Company's total comprehensive income for the three months and six months ended June 30, 2000 and 1999 were as follows (in thousands):

	Three months ended June 30,		Six months ended June 30,	
	2000	1999	2000	1999
Net earnings	$ 9,880	$ 6,602	$ 15,947	$ 10,603
Other comprehensive income (loss), net of tax	93	(241)	194	(579)
Total comprehensive income	$ 9,973	$ 6,361	$ 16,141	$ 10,024

KIRBY CORPORATION AND CONSOLIDATED SUBSIDIARIES

NOTES TO CONDENSED FINANCIAL STATEMENTS - (Continued)

(5) SEGMENT INFORMATION

The following tables set forth the Company's revenues and profit (loss) by reportable segment for the three months and six months ended June 30, 2000 and 1999 and total assets as of June 30, 2000 and December 31, 1999 (in thousands):

	Three months ended June 30,		Six months ended June 30,	
	2000	1999	2000	1999
Revenues:				
Marine transportation	$ 111,940	$ 63,672	$ 219,442	$ 121,401
Diesel engine services	18,268	20,383	37,222	41,135
	$ 130,208	$ 84,055	$ 256,664	$ 162,536
Segment profit (loss):				
Marine transportation	$ 21,350	$ 11,415	$ 36,380	$ 18,318
Diesel engine services	1,945	2,164	3,982	4,281
Other	(6,555)	(2,901)	(13,339)	(5,499)
	$ 16,740	$ 10,678	$ 27,023	$ 17,100

	June 30, 2000	December 31, 1999
Total assets:		
Marine transportation	$692,841	$673,882
Diesel engine services	34,140	32,890
Other	41,674	46,625
	$768,655	$753,397

The following table presents the details of "Other" segment profit (loss) for the three months and six months ended June 30, 2000 and 1999 (in thousands):

	Three months ended June 30,		Six months ended June 30,	
	2000	1999	2000	1999
General corporate expenses	$ (1,837)	$ (1,135)	$ (3,488)	$ (2,256)
Interest expense	(5,964)	(2,569)	(11,827)	(5,114)
Equity in earnings of affiliates	804	609	1,641	1,490
Gain on disposition of assets	1,019	3	1,068	35
Merger related charge	(482)	--	(482)	--
Other	(95)	191	(251)	346
	$ (6,555)	$ (2,901)	$(13,339)	$ (5,499)

KIRBY CORPORATION AND CONSOLIDATED SUBSIDIARIES

NOTES TO CONDENSED FINANCIAL STATEMENTS - (Continued)

(5) SEGMENT INFORMATION - (Continued)

The following table presents the details of "Other" total assets as of June 30, 2000 and December 31, 1999 (in thousands):

	June 30, 2000	December 31, 1999
General corporate assets	$28,437	$31,684
Investment in marine affiliates	13,237	14,941
	$41,674	$46,625

(6) TAXES ON INCOME

Details of the provision for taxes on income for the three months and six months ended June 30, 2000 and 1999 were as follows (in thousands):

	Three months ended June 30,		Six months ended June 30,	
	2000	1999	2000	1999
Provision for taxes on income:				
Current	$ 6,226	$ 3,341	$ 9,729	$ 4,747
Deferred	201	495	624	1,249
State and local	433	240	723	501
	$ 6,860	$ 4,076	$11,076	$ 6,497

KIRBY CORPORATION AND CONSOLIDATED SUBSIDIARIES

NOTES TO CONDENSED FINANCIAL STATEMENTS - (Continued)

(7) EARNINGS PER SHARE

The following table presents the components of basic and diluted earnings per share for the three months and six months ended June 30, 2000 and 1999 (in thousands, except per share amounts):

	Three months ended June 30,		Six months ended June 30,	
	2000	1999	2000	1999
Net earnings	$ 9,880	$ 6,602	$15,947	$10,603
Basic earnings per share:				
Weighted average number of common shares outstanding	24,524	20,103	24,509	20,230
Basic earnings per share	$ .40	$ .33	$ .65	$ .52
Diluted earnings per share:				
Weighted average number of common shares outstanding	24,524	20,103	24,509	20,230
Dilutive shares applicable to stock options	227	117	164	111
Shares applicable to diluted earnings	24,751	20,220	24,673	20,341
Diluted earnings per share	$ .40	$ .33	$ .65	$ .52

Certain outstanding options to purchase approximately 77,000 and 970,000 shares of common stock were excluded in the computation of diluted earnings per share as of June 30, 2000 and June 30, 1999, respectively, as such options would have been antidilutive.

KIRBY CORPORATION AND CONSOLIDATED SUBSIDIARIES

Management's Discussion and Analysis of
Financial Condition and Results of Operations

Statements contained in this Form 10-Q that are not historical facts, including, but not limited to, any projections contained herein, are forward-looking statements and involve a number of risks and uncertainties. Such statements can be identified by the use of forward-looking terminology such as "may," "will," "expect," "anticipate," "estimate," or "continue" or the negative thereof or other variations thereon or comparable terminology. The actual results of the future events described in such forward-looking statements in this Form 10-Q could differ materially from those stated in such forward-looking statements. Among the factors that could cause actual results to differ materially are: adverse economic conditions; industry competition and other competitive factors; adverse weather conditions such as high water, low water, fog and ice; marine accidents; construction of new equipment by competitors, including construction with government assisted financing; government and environmental laws and regulations; and the timing, magnitude and number of acquisitions made by the Company.

The Company, through its subsidiaries, is a provider of marine transportation services, operating a fleet of 774 inland tank barges, with 14.0 million barrels of capacity, and 229 inland towing vessels, transporting industrial chemicals and petrochemicals, refined petroleum products, black oil and agricultural chemicals along the United States inland waterways. The Company's marine transportation operation also includes one offshore dry-bulk barge and tug unit. The Company serves as managing partner of a 35% owned offshore marine partnership, consisting of four dry-bulk barge and tug units. The Company also serves as the managing partner of a 50% owned offshore marine partnership, which consisted of one dry-bulk barge and tug unit. The barge and tug unit was sold in June 2000. The partnerships are accounted for under the equity method of accounting.

The Company, through its subsidiaries, is also a provider of diesel engine services, engaged in the overhaul and servicing of large medium-speed diesel engines employed in marine, power generation and rail applications. The Company's diesel engine services operation is divided into three subsidiaries organized around the markets they serve: Marine Systems, an authorized dealer for EMD; Rail Systems, an exclusive EMD distributor of aftermarket parts to shortline and industrial railroads; and Engine Systems, an authorized EMD distributor for 17 eastern states and the Caribbean, and the exclusive worldwide distributor for EMD to the nuclear industry.

On October 12, 1999, the Company completed the acquisition of Hollywood by means of a merger of Hollywood into Kirby Inland Marine, Inc., a wholly owned subsidiary of the Company. Pursuant to the Agreement and Plan of Merger, the Company acquired Hollywood for an aggregate consideration of $322,590,000, including post-closing adjustments. Hollywood's operations were included as part of the Company operations effective October 12, 1999 in accordance with the purchase method of accounting.

RESULTS OF OPERATIONS

The Company reported 2000 second quarter net earnings of $9,880,000, or $.40 per share, on revenues of $130,208,000, compared with 1999 second quarter net earnings of $6,602,000, or $.33 per share, on revenues of $84,055,000. Net earnings for the six months ended June 30, 2000 were $15,947,000, or $.65 per share, on revenues of $256,664,000, compared with net earnings of

KIRBY CORPORATION AND CONSOLIDATED SUBSIDIARIES

Management's Discussion and Analysis of
Financial Condition and Results of Operations

RESULTS OF OPERATIONS - (CONTINUED)

$10,603,000, or $.52 per share, on revenues of $162,536,000 for the 1999 first six months.

For purposes of this Management's Discussion, all earnings per share are "Diluted earnings per share." The weighted average number of common shares for the 2000 and 1999 second quarter were 24,751,000 and 20,220,000, respectively, and for the 2000 and 1999 first six months were 24,673,000 and 20,341,000, respectively. The increase in the weighted average number of common shares for both comparable periods primarily reflected the issuance of common stock associated with the acquisition of Hollywood in October 1999.

The following table sets forth the Company's revenues and percentage of such revenues for the three months and six months ended June 30, 2000 compared with the three months and six months ended June 30, 1999 (dollars in thousands):

	Three months ended June 30,					
	2000		1999		Increase (decrease)	
	Amounts	%	Amounts	%	Amounts	%
Revenues:						
Marine transportation	$111,940	86%	$ 63,672	76%	$ 48,268	76%
Diesel engine services	18,268	14	20,383	24	(2,115)	(10)
	$130,208	100%	$ 84,055	100%	$ 46,153	55%

	Six months ended June 30,					
	2000		1999		Increase (decrease)	
	Amounts	%	Amounts	%	Amounts	%
Revenues:						
Marine transportation	$219,442	85%	$121,401	75%	$ 98,041	81%
Diesel engine services	37,222	15	41,135	25	(3,913)	(10)
	$256,664	100%	$162,536	100%	$ 94,128	58%

Revenues for the marine transportation segment increased 76% for the 2000 second quarter compared with the 1999 second quarter and increased 81% for the 2000 first six months compared with the 1999 first six months, primarily due to the acquisition of Hollywood in October 1999.

During the 2000 second quarter and first six months, chemical and petrochemical movements were strong. Refined product and fertilizer movements to the Midwest were strong in the 2000 first quarter and seasonably steady in the 2000 second quarter. The strong first quarter refined products movements were the result of low Midwest inventory levels and favorable price differentials between the Gulf Coast and Chicago. The strong first quarter fertilizer movements were the result of low inventory levels in the Midwest terminals. Black oil and pressure products movements were at expected levels for both the 2000 second quarter and first six months.

KIRBY CORPORATION AND CONSOLIDATED SUBSIDIARIES

Management's Discussion and Analysis of
Financial Condition and Results of Operations

RESULTS OF OPERATIONS - (CONTINUED)

During the 2000 second quarter and first six months, spot market rates continued to trend upward and contract renewals were generally at modestly higher rates. The marine transportation segment operates under long-term contracts, short-term contracts and spot transactions for movements of liquid products. During the 2000 second quarter and 2000 first six months, approximately 70% of movements were under term contracts and 30% were spot transactions. This compares with the 1999 second quarter and first six months when approximately 75% of movements were under term contracts and 25% were spot transactions.

During the 1999 second quarter and first six months, chemical and petrochemical volumes were solid. Refined product volumes increased in May and June in anticipation of the summer driving season. Liquid fertilizer and ammonia volumes fell below normal spring expectations due to high fertilizer inventory in the Midwest, the result of overproduction of nitrogen in 1999 and 1998, coupled with a 30-year low corn price. Spot market rates reflected modest quarter to quarter increases during the 1999 first half and term contracts were generally renewed at higher rates.

The 2000 first quarter was negatively impacted by weather, but not to the degree as the 1999 first quarter. During the 2000 first quarter, low water conditions on the Mississippi, Ohio and Illinois Rivers through mid-February resulted in longer transit times and restricted drafts for upriver movements, both of which negatively impacted revenues. Water conditions during the 2000 second quarter were favorable. During the 1999 second quarter, operating conditions improved over the 1999 first quarter when navigational delays (weather, locks and other restrictions) lowered the quarter's revenues due to increased transit times.

Revenues for the diesel engine services segment for the 2000 second quarter and 2000 first six months decreased 10% compared with the 1999 corresponding periods. During the 2000 second quarter and first six months, the segment experienced softness in its East Coast engine rebuild market, as well as its Midwest marine and rail markets. The segment did benefit from modest improvements in service work and parts sales to the Gulf of Mexico drilling and offshore well services sector.

During the 1999 second quarter and first six months, the diesel engine services segment benefited from strong Midwest and East Coast engine overhauls and parts sales. The Gulf Coast market remained weak, the result of reduced service work in the offshore oil and gas services sector in the Gulf of Mexico.

KIRBY CORPORATION AND CONSOLIDATED SUBSIDIARIES

Management's Discussion and Analysis of
Financial Condition and Results of Operations

RESULTS OF OPERATIONS - (CONTINUED)

The following table sets forth the costs and expenses and percentage of each for the three months and six months ended June 30, 2000 compared with the three months and six months ended June 30, 1999 (dollars in thousands):

	Three months ended June 30,					
	2000		1999		Increase (decrease)	
	Amounts	%	Amounts	%	Amounts	%
Costs and expenses:						
Costs of sales and operating expenses	$ 79,833	73%	$ 54,157	76%	$ 25,676	47%
Selling, general and administrative	14,726	13	8,661	12	6,065	70
Taxes, other than on income	2,437	2	1,964	3	473	24
Depreciation and amortization	11,754	11	6,829	9	4,925	72
Merger related charge	482	1	--	--	482	--
	$109,232	100%	$ 71,611	100%	$ 37,621	53%

	Six months ended June 30,					
	2000		1999		Increase (decrease)	
	Amounts	%	Amounts	%	Amounts	%
Costs and expenses:						
Costs of sales and operating expenses	$161,366	73%	$107,095	75%	$ 54,271	51%
Selling, general and administrative	29,897	14	17,900	13	11,997	67
Taxes, other than on income	5,012	2	3,689	3	1,323	36
Depreciation and amortization	23,515	11	13,509	9	10,006	74
Merger related charge	482	--	--	--	482	--
	$220,272	100%	$142,193	100%	$ 78,079	55%

Total costs and expenses, excluding interest expense, for the 2000 second quarter and first six months increased 53% and 55%, respectively, when compared with the corresponding periods of 1999. The 2000 second quarter and first six months costs and expenses included the expenses of Hollywood, as well as reflecting higher equipment costs, labor, health and welfare costs.

The 2000 second quarter and first six months also reflected higher fuel costs, with the average price per gallon consumed 26 cents and 33 cents, respectively, higher than the average price per gallon consumed during the 1999 corresponding periods. The marine transportation segment has long-term contracts which generally contain fuel escalation clauses which allows increases in fuel prices to be passed through to the customers. As stated above, both the 2000 and the 1999 first quarters were negatively impacted by weather conditions, which decreased revenues and increased operating expenses. Ice conditions, and low and high water conditions require additional horsepower to complete movements, additional fuel and other variable expenses associated with longer transit times.

KIRBY CORPORATION AND CONSOLIDATED SUBSIDIARIES

Management's Discussion and Analysis of
Financial Condition and Results of Operations

RESULTS OF OPERATIONS - (CONTINUED)

The 2000 second quarter and first six months included an additional $482,000 pre-tax merger related charge associated with the acquisition of Hollywood. In 1999, the Company's results included $4,502,000 of pre-tax merger related charges, consisting of severance and related pay for Kirby employees whose positions were eliminated, an abandonment charge for Kirby's leased corporate headquarter's facility and a charge to exit an insurance mutual. The additional 2000 second quarter charge resulted from the early termination of the lease of Kirby's former corporate headquarters.

The following table sets forth the operating income and operating margins by segment for the three months and six months ended June 30, 2000 compared with the three months and six months ended June 30, 1999 (dollars in thousands):

	Three months ended June 30,					
	2000		1999		Increase (decrease)	
	Operating income (loss)	Operating margin	Operating income (loss)	Operating margin	Amounts	%
Marine transportation	$ 21,350	19.1%	$ 11,415	17.9%	$ 9,935	87%
Diesel engine services	1,945	10.6%	2,164	10.6%	(219)	(10)
Corporate expenses	(1,837)		(1,135)		(702)	(62)
Merger related charge	(482)		--		(482)	--
	$ 20,976		$ 12,444		$ 8,532	69%

Six months ended June 30,

	Three months ended June 30,					
	2000		1999		Increase (decrease)	
	Operating income (loss)	Operating margin	Operating income (loss)	Operating margin	Amounts	%
Marine transportation	$ 36,380	16.6%	$ 18,318	15.1%	$ 18,062	99%
Diesel engine services	3,982	10.7%	4,281	10.4%	(299)	(7)
Corporate expenses	(3,488)		(2,256)		(1,232)	(55)
Merger related charge	(482)		--		(482)	--
	$ 36,392		$ 20,343		$ 16,049	79%

KIRBY CORPORATION AND CONSOLIDATED SUBSIDIARIES

Management's Discussion and Analysis of
Financial Condition and Results of Operations

RESULTS OF OPERATIONS - (CONTINUED)

The following table sets forth the equity in earnings of marine affiliates, gain on disposition of assets, other (expense) income and interest expense for the three months and six months ended June 30, 2000 compared with the three months and six months ended June 30, 1999 (dollars in thousands):

	Three months ended June 30,		Increase (decrease)	
	2000	1999	Amount	%
Equity in earnings of marine affiliates	$ 804	$ 609	$ 195	32 %
Gain on disposition of assets	$ 1,019	$ 3	$ 1,016	-- %
Other (expense) income	$ (95)	$ 191	$ (286)	(150)%
Interest expense	$ (5,964)	$ (2,569)	$ 3,395	132 %

	Six months ended June 30,		Increase (decrease)	
	2000	1999	Amount	%
Equity in earnings of marine affiliates	$ 1,641	$ 1,490	$ 151	10 %
Gain on disposition of assets	$ 1,068	$ 35	$ 1,033	2951 %
Other (expense) income	$ (251)	$ 346	$ (597)	(173)%
Interest expense	$(11,827)	$ (5,114)	$ 6,713	131 %

Equity in earnings of marine affiliates reflected a 32% increase for the 2000 second quarter and a 10% increase for the 2000 first six months compared with the corresponding 1999 periods. During both 2000 periods, the partnership's offshore dry-cargo barge and tug units were primarily employed under the partnership's coal and rock contract with a public utility at higher rates when compared with the 1999 second quarter and first six months, when a higher percentage of the units were operating in the spot market at lower rates.

The gain on disposition of assets of $1,019,000 for the 2000 second quarter and $1,068,000 for the 2000 first six months reflected the gain on the sale of an inland towboat in the 2000 second quarter and the sale during the 2000 first quarter of three inland towboats and six single-skin tank barges. The sale of the towboats was part of the Company's ongoing efforts to optimize horsepower requirements. The six single-skin barges were scrapped.

Other expense for the 2000 second quarter and first six months reflected the recording of minority interest from approximately 25 inland tank barges in partnerships acquired with the Hollywood acquisition, partially offset by investment income. For the 1999 second quarter and first six months, other income was primarily from investment income.

KIRBY CORPORATION AND CONSOLIDATED SUBSIDIARIES

Management's Discussion and Analysis of
Financial Condition and Results of Operations

RESULTS OF OPERATIONS - (CONTINUED)

The 132% increase in interest expense for the 2000 second quarter and 131% increase for the 2000 first half over the corresponding periods of 1999 primarily reflected interest expense on the borrowings to finance the Hollywood acquisition. The average debt and average interest rate for the 2000 second quarter was $314,200,000 and 7.52%, compared with $132,100,000 and 7.27% for the second quarter of 1999, respectively. For the 2000 first half, the average debt was $315,300,000 and average interest rate was 7.43%, compared with average debt of $134,000,000 and average interest rate of 7.25% for the 1999 first half.

FINANCIAL CONDITION, CAPITAL RESOURCES AND LIQUIDITY

Balance Sheet

Total assets as of June 30, 2000 were $768,655,000 compared with $753,397,000 as of December 31, 1999. The following table sets forth the significant components of the balance sheet as of June 30, 2000 compared with December 31, 1999 (dollars in thousands):

	June 30, 2000	December 31, 1999	Increase (decrease) Amount	%
Assets:				
Current assets	$137,384	$122,823	$ 14,561	12 %
Property and equipment, net	457,087	451,851	5,236	1
Investment in marine affiliates	13,237	14,941	(1,704)	(11)
Goodwill, net	159,146	161,095	(1,949)	(1)
Other assets	1,801	2,687	(886)	(33)
	$768,655	$753,397	$ 15,258	2 %
Liabilities and stockholders' equity:				
Current liabilities	$ 95,318	$ 91,565	$ 3,753	4 %
Long-term debt	313,604	316,272	(2,668)	(1)
Deferred taxes	90,580	92,794	(2,214)	(2)
Other long-term liabilities	13,308	12,730	578	5
Stockholders' equity	255,845	240,036	15,809	7
	$768,655	$753,397	$ 15,258	2 %

Working capital as of June 30, 2000 totaled $42,066,000 compared with $31,258,000 as of December 31, 1999. The increase was primarily attributable to a $19,095,000, or 27% increase in trade accounts receivable, partially offset by a $10,231,000, or 34% increase in accounts payable. The increase in trade accounts receivable was primarily due to an increase in the number of days to bill customers, the result of the integration in the 2000 second quarter of the Company's and Hollywood's

KIRBY CORPORATION AND CONSOLIDATED SUBSIDIARIES

Management's Discussion and Analysis of
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FINANCIAL CONDITION, CAPITAL RESOURCES AND LIQUIDITY - (CONTINUED)

billing systems under one system. The system integration is now complete, and trade accounts receivable is anticipated to decrease significantly in the third quarter. The increase in accounts payable was primarily due to increased shipyard activity during the 2000 first six months versus the 1999 fourth quarter.

Long-term debt, less current portion, of $313,604,000 as of June 30, 2000 decreased 1% during the 2000 first half however, increased 3% when compared with the March 31, 2000 balance of $305,188,000. During the 2000 first quarter, the Company experienced favorable cash flow from operating activities. During the 2000 second quarter, cash flow provided by operating activities decreased significantly, primarily the result of a $14,706,000 increase in trade accounts receivable at June 30, 2000 compared with March 31, 2000.

Stockholders' equity as of June 30, 2000 increased 7% during the 2000 first half, primarily reflecting the Company's net earnings of $15,947,000, the issuance of $1,802,000 of common stock as a final post-closing adjustment of the Hollywood acquisition and the repurchase of $2,715,000 of common stock by the Company.

Merger Related Charge

In connection with the October 1999 acquisition of Hollywood, the Company recorded $4,502,000 of pre-tax merger related charges in the fourth quarter of 1999 to combine the acquired operations with those of the Company. In June 2000, the Company recorded an additional $482,000 merger related charge associated with the signing of a definitive agreement providing for the early termination of the lease of the Company's former corporate headquarters. The additional $482,000 charge was comprised of $381,000 in cash charges and a non-cash charge of $101,000 related to the abandonment of certain equipment in the Company's former corporate headquarters. The cash portion of the merger related charges totaled $3,629,000. The components of the cash charge incurred, the actual cash payments made, and the accrued balances at June 30, 2000 were as follows (in thousands):

	Total cash portion	Paid in 1999	Paid in 2000	Accrued at 6/30/00
Severance for Company employees	$ 1,555	$ 13	$ 478	$ 1,064
Exit of insurance mutual	870	--	870	--
Corporate headquarters lease abandonment	1,204	106	241	857
	$ 3,629	$ 119	$ 1,589	$ 1,921

The Company expects that the accrued severance remaining will be paid by March 2001. The remaining duplicate corporate headquarters reserve is expected to be paid by the early lease termination date of January 2001.

KIRBY CORPORATION AND CONSOLIDATED SUBSIDIARIES

Management's Discussion and Analysis of
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FINANCIAL CONDITION, CAPITAL RESOURCES AND LIQUIDITY - (CONTINUED)

Capital Expenditures

During the 2000 first six months and the 1999 first six months, the Company purchased no new or existing marine transportation equipment. The capital expenditures for the 2000 second quarter and first six months of $14,791,000 and $28,102,000, respectively, and for the 1999 second quarter and first six months of $3,925,000 and $9,382,000, respectively, were primarily for upgrading the Company's existing marine transportation fleet. As of June 30, 2000, the Company had no material commitments for capital expenditures.

Treasury Stock Purchases

During the 2000 first six months, the Company purchased in the open market 143,000 shares of common stock at a total purchase price of $2,715,000, for an average price of $18.97 per share. During the 2000 second quarter, the Company purchased 40,000 shares of its common stock at a total purchase price of $836,000, for an average price of $20.84 per share. As of August 7, 2000, the Company had 2,214,000 shares available under its repurchase authorization. The Company is authorized to purchase its common stock on the New York Stock Exchange and in privately negotiated transactions. When purchasing its common stock, the Company is subject to price, trading volume and other market considerations. Shares purchased may be used for reissuance upon the exercise of stock options, in future acquisitions for stock or for other appropriate corporate purposes.

Liquidity

The Company generated net cash provided by operating activities of $27,389,000 and $32,519,000 for the six months ended June 30, 2000 and 1999, respectively. The 2000 first half was positively impacted by higher net earnings and higher depreciation and amortization, primarily the result of the merger with Hollywood, and negatively impacted by a $14,545,000 decrease in working capital as detailed above. The 1999 first half benefited from favorable cash flow from working capital of $7,466,000.

Funds generated are available for acquisitions of core businesses, capital construction projects, treasury stock repurchases, repayment of borrowings associated with each of the above, and for other operating requirements. In addition to its net cash flow provided by operating activities, the Company also has available as of August 7, 2000, $48,500,000 under its revolving credit agreements and $121,000,000 under its medium term note program. The Company's scheduled principal payments during the next 12 months are $5,335,000. On June 1, 2000, $45,000,000 of the Company's medium term notes matured. These notes were paid through a draw-down under the Company's revolving credit agreements.

KIRBY CORPORATION AND CONSOLIDATED SUBSIDIARIES

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FINANCIAL CONDITION, CAPITAL RESOURCES AND LIQUIDITY - (CONTINUED)

During the last three months, inflation has had a relatively minor effect on the financial results of the Company. The marine transportation segment has long-term contracts which generally contain cost escalation clauses whereby certain costs, including fuel, can be passed through to its customers. The repair portion of the diesel engine services segment is based on prevailing current market rates.

The Company does not have an established dividend policy. Decisions regarding the payment of future dividends will be made by the Board of Directors based on the facts and circumstances that exist at that time. Since 1989, the Company has not paid any dividends on its common stock.

Accounting Standards

Statement of Financial Accounting Standards ("SFAS") No. 133, "Accounting for Derivative Instruments and Hedging Activities," ("SFAS No. 133") issued in June 1998, establishes accounting and reporting standards for derivative instruments and hedging activities. This statement requires that an entity recognize all derivatives as either assets or liabilities in the statement of financial position and measure those instruments at fair value. With the issuance of SFAS No. 137, SFAS No. 133 is now effective for all quarters of fiscal years beginning after June 15, 2000. The Company plans to adopt SFAS No. 133, as amended, in the first quarter of 2001 and does not expect it to have a material effect on the Company's financial position or results of operations.

KIRBY CORPORATION AND CONSOLIDATED SUBSIDIARIES

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

For a detailed explanation of the material pending legal proceedings against the Company, please refer to the Form 10-K for the year ended December 31, 1999.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits:

27.0 Financial Data Schedule.

(b) Reports on Form 8-K:

There were no reports on Form 8-K filed for the three months ended June 30, 2000.

SIGNATURES

Pursuant to the requirements of the Securities and Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

KIRBY CORPORATION
(Registrant)

By: /s/ G. STEPHEN HOLCOMB

G. Stephen Holcomb
Vice President and Controller

Dated: August 7, 2000

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM CONDENSED CONSOLIDATED BALANCE SHEETS AND STATEMENTS OF EARNINGS AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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6-MOS
DEC-31-2000
JUN-30-2000
4,106
9,850
101,110
674
11,758
137,384
706,539
249,452
768,655
95,318
313,604
0
0
3,091
252,754
768,655
28,473
256,664
22,547
161,366
58,906
4
11,827
27,023
11,076
15,947
0
0
0
15,947
.65
.65