

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 8-K**

**CURRENT REPORT**

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): March 2, 2005

**Kirby Corporation**

(Exact name of registrant as specified in its charter)

Nevada  
(State or other jurisdiction  
of incorporation)

1-7615  
(Commission  
File Number)

75-1884980  
(IRS Employer  
Identification No.)

**55 Waugh Drive, Suite 1000  
Houston, Texas 77007**  
(Address of principal executive offices)

Registrant's telephone number, including area code: (713) 435-1000

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 1.01. Entry into a Material Definitive Agreement.

The Company's annual incentive plan is based on the achievement of three equally weighted performance measures by each of the Company's three business groups – inland marine transportation, diesel engine services and offshore marine transportation – and by the Company as a whole. The three performance measures are EBITDA (net earnings before interest expense, taxes on income, depreciation and amortization), return on total capital and earnings per share.

On March 3, 2005, the Board of Directors of Kirby approved a budget for 2005, including objectives for each of the three performance measures for the year. On March 2, 2005, the Compensation Committee of the Board set the target bonuses for 2005 for participants in the annual incentive plan, including target bonuses at the following percentages of base salary for the five executive officers named in Kirby's 2005 proxy statement:

Joseph H. Pyne President and Chief Executive Officer	90%
C. Berdon Lawrence Chairman of the Board	90%
Steven P. Valerius President of Kirby Inland Marine, LP	70%
Norman W. Nolen Executive Vice President and Chief Financial Officer	70%
Mark R. Buese Senior Vice President-Administration	70%

There is a range of possible bonuses under the plan, with no bonus earned unless at least 80% of the target performance is achieved and a maximum possible award of 200% of the target bonus if 120% of the target performance is achieved. Seventy-five percent of each participant's bonus is based on the achievement of the target performance by the Company and its business groups for the year and 25% of each participant's bonus is allocated based on a discretionary assessment of individual performance for the year.

On March 2, 2005, the Compensation Committee granted performance awards under Kirby's 2002 Stock and Incentive Plan to three of the executive officers named in Kirby's 2005 proxy statement, Joseph H. Pyne, Steven P. Valerius and Norman W. Nolen. The awards are based on a three-year performance period beginning January 1, 2005. The target amounts established for the three executive officers are \$970,000 for Mr. Pyne, \$276,200 for Mr. Valerius and \$242,100 for Mr. Nolen. The percentage of the target award paid at the end of the performance period will be based on Kirby's achievement on a cumulative basis for the three-year period of the objective levels of EBITDA, return on total capital and earnings per share established under its annual incentive bonus plan. The officers will be paid the target amount if 100% of the objective performance measures is achieved over the three-year period. The payment can range from zero if less than 80% of the objective performance measures is achieved

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to a maximum of 200% of the target award for the achievement of 130% or more of the objective performance measures.

On March 3, 2005, the Board of Directors of the Company amended the Company's 2000 Nonemployee Director Compensation Program (the "Program") and 2000 Nonemployee Director Stock Option Plan (the "Plan") to increase the annual director fee from \$20,000 to \$24,000, to increase the fee for each Board meeting attended from \$1,000 to \$1,250, to increase the annual retainer for the Chairman of the Audit Committee from \$10,000 to \$15,000 and to provide for an automatic grant of 500 shares of restricted stock to all nonemployee directors immediately after each annual meeting of stockholders. The amendments will be effective April 26, 2005. Copies of the Program and the Plan, as amended, and the forms of stock option and restricted stock agreements that evidence grants of options and restricted stock under the Plan are included as exhibits to this report.

Item 9.01. Financial Statements and Exhibits.

(c) Exhibits

<b><u>Exhibit Number</u></b>	<b><u>Description of Exhibit</u></b>
10.1	2000 Nonemployee Director Compensation Program
10.2	2000 Nonemployee Director Stock Option Plan
10.3	Form of Nonincentive Stock Option Agreement
10.4	Form of Nonincentive Stock Option Agreement
10.5	Form of Nonincentive Stock Option Agreement
10.6	Form of Restricted Stock Agreement
10.7	Form of Restricted Stock Agreement

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SIGNATURE

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

KIRBY CORPORATION

By: /s/ NORMAN W. NOLEN

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

Date: March 8, 2005

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**EXHIBIT INDEX**

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10.7	Form of Restricted Stock Agreement

## KIRBY CORPORATION

Nonemployee Director Compensation ProgramAnnual Director Fee

1. Each director will receive an annual fee of \$24,000, payable in four equal quarterly payments to be made at the end of each calendar quarter, unless the director elects to receive (a) a stock option for shares of Kirby common stock or (b) restricted shares of Kirby common stock, in lieu of all or part of the cash fee. The fee will be prorated for any director elected between annual stockholder meetings.

2. The election to receive a stock option or restricted stock in lieu of director fees will be made annually. Except as provided in the next sentence, any director who elects to receive a stock option or restricted stock in lieu of all or part of the annual fee for the year following any annual meeting of stockholders must give written notice of that election to Kirby no later than the December 31 preceding such annual meeting, except that a director elected between annual stockholder meetings must give written notice of that election to Kirby no later than the date of his or her election as a director. An election that relates to the year following the 2005 annual meeting of stockholders must be made no later than March 15, 2005.

3. The stock option shall be issued on the following terms:

(a) The number of shares of stock subject to the option will be equal to (i) the portion of the annual fee that a director elects to receive in the form of a stock option divided by (ii) the fair market value of a share of stock on the date of grant multiplied by (iii) 3, with the result then rounded to the nearest whole share.

(b) The exercise price will be the fair market value on the date of grant. The fair market value of a share of stock means the mean of the high and low sales price on the New York Stock Exchange on the date of reference.

(c) The option will vest one-fourth on the first quarterly payment date, one-fourth on the second quarterly payment date, one-fourth on the third quarterly payment date and one-fourth on the fourth quarterly payment date or, in the case of a director elected between annual stockholder meetings, in equal parts on the remaining quarterly payment dates prior to the first anniversary of the most recent annual meeting of stockholders.

(d) The option will be subject to the terms of the plan under which it is issued, including without limitation provisions relating to vesting, exercise, termination and transferability.

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4. The restricted stock shall be issued on the following terms:

(a) The number of shares of restricted stock will be equal to (i) the portion of the annual fee that a director elects to receive in the form of restricted stock divided by (ii) the fair market value of a share of stock on the date of grant multiplied by (iii) 1.2, with the result then rounded to the nearest whole share.

(b) The fair market value of a share of stock means the mean of the high and low sales price on the New York Stock Exchange on the date of reference.

(c) The restricted stock will vest one-fourth on the first quarterly payment date, one-fourth on the second quarterly payment date, one-fourth on the third quarterly payment date and one-fourth on the fourth quarterly payment date or, in the case of a director elected between annual stockholder meetings, in equal parts on the remaining quarterly payment dates prior to the first anniversary of the most recent annual meeting of stockholders.

(d) The restricted stock will be subject to the terms of the plan under which it is issued, including without limitation provisions relating to vesting and transferability.

5. The date of grant of an option or restricted stock granted in lieu of the annual fee means the date of the next annual meeting of stockholders after the election by the director to receive a stock option or restricted stock in lieu of cash fees, except that, for a director elected between annual stockholder meetings, the date of grant means the date of his or her election as a director.

6. The quarterly payment of cash fees and vesting of stock options and restricted stock are contingent on a director's continuing to serve in that capacity on each such quarterly payment or vesting date.

#### Annual Committee Chairman and Presiding Director Fees

1. The Chairman of the Audit Committee will receive an annual fee of \$15,000. The Chairmen of the Compensation Committee and the Governance Committee will each receive an annual fee of \$10,000. The director selected to be the presiding director at executive sessions of non-management directors will receive an annual fee of \$5,000. All of such fees will be payable in four equal quarterly payments to be made at the end of each calendar quarter. The committee chairman and presiding director fees will be prorated for any director who is elected to such position between annual meetings of the board of directors.

2. The quarterly payment of the committee chairman and presiding director fees is contingent on a director's continuing to serve in such position on each such quarterly payment date.

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#### Meeting Fees

1. Each director will receive a fee of \$1,250 for each board meeting attended in person or by telephone.
2. Each member of a committee of the board will receive a fee of \$3,000 for each committee meeting attended in person or by telephone.

#### Automatic Stock Option Grants

1. Each director will receive an option for 5,000 shares of Kirby common stock upon his or her first election as a director.
2. Each director will receive an option for 3,000 shares of Kirby common stock immediately after each annual meeting of stockholders.
3. The option price in both cases will be the fair market value on the date of grant. The options will be subject to the terms of the plan under which they are issued, including without limitation provisions relating to vesting, exercise, termination and transferability.

#### Automatic Restricted Stock Grants

1. Each director will receive 500 restricted shares of Kirby common stock immediately after each annual meeting of stockholders.
2. The restricted stock will be subject to the terms of the plan under which it is issued, including without limitation provisions relating to vesting and transferability.

#### General

1. This compensation program may be amended, modified or terminated by the board at any time.
2. This compensation program applies only to directors of Kirby who are not employees of Kirby or any of its subsidiaries.
3. This compensation program amends and restates in its entirety the Nonemployee Director Compensation Program as amended by the board of directors of Kirby on January 27, 2004 and approved by the stockholders of Kirby on April 27, 2004. Such amendment and restatement was approved by the board of directors of Kirby on March 3, 2005 to be effective April 26, 2005, with the existing compensation program remaining in effect until that date.



## KIRBY CORPORATION

## 2000 NONEMPLOYEE DIRECTOR 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 directors, 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,

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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) “Compensation Plan” means the written plan or program in effect from time to time, as approved by the Board, which sets forth the compensation to be paid to Eligible Directors.

(f) “Date of Grant” means the date on which an Option or Restricted Stock is granted to an Eligible Director.

(g) “Director” means a member of the Board.

(h) “Eligible Director” means a Director who is not an employee of the Company or a Subsidiary.

(i) “Existing Plan” means the 2000 Nonemployee Director Stock Option Plan, as amended by the Board on January 27, 2004 and approved by the stockholders of the Company on April 27, 2004.

(j) “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.

(k) “Nonincentive Stock Option” means an option that is not an incentive stock option as defined in Section 422 of the Internal Revenue Code of 1986, as amended.

(l) “Option” means any option granted under this Plan.

(m) "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.

(n) "Payment Date" means the last day of a calendar quarter.

(o) "Plan" means this 2000 Nonemployee Director Stock Option Plan for Kirby Corporation, as amended from time to time.

(p) "Restricted Stock" means Shares granted under this Plan that are subject to restrictions described in Article III and the Compensation 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, at the time of the granting of the Option, 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 such chain.

Section 1.3. *Total Shares.* The maximum number of Shares that may be issued under this Plan shall be THREE HUNDRED THOUSAND (300,000) Shares from Shares held in the Company's treasury. If any Option granted under the Plan shall terminate, expire or be cancelled or surrendered as to any Shares, new Options may thereafter be granted covering such Shares or such Shares may thereafter be issued as Restricted Stock.

## ARTICLE II. STOCK OPTIONS

Section 2.1. *Automatic Grant of Options.* Options shall automatically be granted to Eligible Directors as provided in Sections 2.2, 2.3 and 2.4. All Options shall be Nonincentive Stock Options. Each Option shall be evidenced by an option agreement containing such terms deemed necessary or desirable by the Committee that are not inconsistent with the Plan or any applicable law. Neither the Plan nor any Option shall confer upon any person any right to continue to serve as a Director.

Section 2.2. *Automatic One-Time Grant.* Each Eligible Director shall automatically be granted an Option for FIVE THOUSAND (5,000) Shares on the date of such Eligible Director's first election as a Director.

Section 2.3. *Automatic Annual Grants.* Immediately after each annual meeting of stockholders of the Company, each Eligible Director shall automatically be granted an Option for THREE THOUSAND (3,000) Shares.

Section 2.4. *Election to Receive Options.* If the Compensation Plan permits Eligible Directors to elect to receive an Option in lieu of all or part of Director fees otherwise payable in cash, each Eligible Director who has properly and timely made such election as provided in the Compensation Plan shall automatically be granted an Option for a number of Shares equal to (i) the amount of the fee such Eligible Director elects to receive in the form of an Option divided by

(ii) the Fair Market Value of a Share on the Date of Grant multiplied by (iii) 3, with the result rounded to the nearest whole Share.

Section 2.5. *Option Price.* The option price per Share for any Option shall be the Fair Market Value on the Date of Grant.

Section 2.6. *Date of Grant.*

(a) The Date of Grant of an Option granted under Section 2.2 shall be the date of the Eligible Director's first election as a Director.

(b) The Date of Grant of an Option granted under Section 2.3 shall be the date of the annual meeting of stockholders of the Company to which the grant relates.

(c) The Date of Grant of an Option granted under Section 2.4 shall be the date of the next annual meeting of stockholders after the election by the Eligible Director pursuant to the Compensation Plan to receive the Option in lieu of cash fees, except that, for an Eligible Director elected between annual stockholder meetings, the Date of Grant shall be the date of his or her election as a Director.

Section 2.7. *Vesting.*

(a) An Option granted under Section 2.2 shall be exercisable on or after the Date of Grant.

(b) An Option granted under Section 2.3 shall become exercisable six months after the Date of Grant.

(c) An Option granted under Section 2.4 shall become exercisable on the Payment Date(s) following the Date of Grant as provided in this Section 2.7(c). The number of Shares as to which an Option granted under Section 2.4 will become exercisable on each Payment Date after the Date of Grant shall equal the number of Shares subject to the Option divided by the number of Payment Dates occurring after the Date of Grant and before the first anniversary of the most recent annual meeting of stockholders of the Company.

(d) Notwithstanding the other provisions of this Section 2.7, (i) an Option shall only become exercisable as provided in this Section 2.7 if the Optionee is a Director at the time the Option would otherwise become exercisable and (ii) upon the occurrence of a Change in Control, all Options outstanding at the time of the Change in Control shall become immediately exercisable.

Section 2.8. *Term of Options.* The portion of an Option that is exercisable shall automatically and without notice terminate upon the earlier of (a) one (1) year after the Optionee ceases to be a Director for any reason or (b) ten (10) years after the Date of Grant of the Option. The portion of an Option that is not exercisable shall automatically and without notice terminate at the time the Optionee ceases to be a Director for any reason.

Section 2.9. *Exercise of Options.* Any Option may be exercised in whole or in part to the extent exercisable in accordance with Section 2.7. 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 option price of the Shares as to which the Option is exercised has been made. Unless further limited by the Committee in any Option, the option 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 option 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 2.10. *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, and the numbers of Options to be granted under Sections 2.2, 2.3 and 2.4, 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 2.10 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 2.11. *Transferability of Options.* Each Option shall provide that such Option shall not be transferable by the Optionee otherwise than by will or the laws of descent and distribution and that so long as an Optionee lives, only such Optionee or his guardian or legal representative shall have the right to exercise such Option.

Section 2.12. *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 (whether in physical or in book entry or other electronic form) shall have been issued and delivered to such person. As a condition of any transfer of the 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 to the Company, at the time any Option is exercised, that the Optionee 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 upon the Share certificates.

### ARTICLE III. RESTRICTED STOCK

Section 3.1. *Automatic Grants of Restricted Stock.* Restricted Stock shall automatically be granted to Eligible Directors as provided in Sections 3.2 and 3.3. Each Restricted Stock grant shall be evidenced by an agreement containing such terms deemed necessary or desirable by the Committee that are not inconsistent with the Plan or any applicable law. No grant of Restricted Stock shall confer upon any person any right to continue to serve as a Director.

Section 3.2. *Automatic Annual Grants.* Immediately after each annual meeting of stockholders of the Company, each Eligible Director shall automatically be granted FIVE HUNDRED (500) shares of Restricted Stock.

Section 3.3. *Election to Receive Restricted Stock.* If the Compensation Plan permits Eligible Directors to elect to receive Restricted Stock in lieu of all or part of Director fees otherwise payable in cash, each Eligible Director who has properly and timely made such election as provided in the Compensation Plan shall automatically be granted a number of Shares of Restricted Stock equal to (i) the amount of the fee such Eligible Director elects to receive in the form of Restricted Stock divided by (ii) the Fair Market Value of a Share on the Date of Grant multiplied by (iii) 1.2, with the result rounded to the nearest whole Share.

Section 3.4. *Date of Grant.*

(a) The Date of Grant of Restricted Stock granted under Section 3.2 shall be the date of the annual meeting of stockholders of the Company to which the grant relates.

(b) The Date of Grant of Restricted Stock granted under Section 3.3 shall be the date of the next annual meeting of stockholders after the election by the Eligible Director pursuant to the Compensation Plan to receive the Restricted Stock in lieu of cash fees, except that, for an Eligible Director elected between annual stockholder meetings, the Date of Grant shall be the date of his or her election as a Director.

Section 3.5. *Vesting.*

(a) Restricted Stock granted under Section 3.2 shall vest six months after the Date of Grant.

(b) Restricted Stock granted under Section 3.3 shall vest on the Payment Date(s) following the Date of Grant as provided in this Section 3.5(a). The number of Shares of Restricted Stock granted under Section 3.3 that will vest on each Payment Date after the Date of Grant shall equal the number of Shares of Restricted Stock granted divided by the number of Payment Dates occurring after the Date of Grant and before the first anniversary of the most recent annual meeting of stockholders of the Company.

(c) Notwithstanding the other provisions of this Section 3.5, (i) Restricted Stock shall only vest as provided in this Section 3.5 if the holder is a Director at the time the Restricted Stock would otherwise vest and (ii) upon the occurrence of a Change in Control, all Restricted Stock issued under the Plan that is outstanding at the time of the Change in Control shall immediately vest.

(d) Notwithstanding the vesting conditions set forth in the Plan or the Compensation Plan, 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 Restricted Stock under the Plan.

Section 3.6. *Restrictions on Transfer.* Stock certificates representing Restricted Stock granted to an Eligible Director under the Plan (whether in physical or in book entry or other electronic form) shall be registered in the Director'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, either in physical or in book entry or other electronic form, such certificates shall either be held by the Company on behalf of the Director, or delivered to the Director bearing a legend to

restrict transfer of the certificate until the Restricted Stock has vested, as determined by the Committee. The Director shall have the right to vote and 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 Director until such Share has vested. In the event that a Director ceases to be a Director before all the Director's Restricted Stock has vested, the Shares of Restricted Stock that have not vested shall be forfeited. At the time Restricted Stock vests (and, if the Director 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 Director free of all restrictions.

Section 3.7. *Issuance of Shares.* As a condition of the issuance of any certificate for Shares of Restricted Stock, 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 Eligible Director to the Company that the Eligible Director 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 upon the Share certificates.

Section 3.8. *Section 83(b) Election.* If a Director receives Restricted Stock that is subject to a "substantial risk of forfeiture," the Director 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 Fair Market Value of such Restricted Stock on the Date of Grant. If the Director makes the Section 83(b) election, the Director shall (a) make such election in a manner that is satisfactory to the Committee, (b) provide the Company with a copy of such election and (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.

#### 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 holders of Restricted Stock. 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. *Adjustment of Shares.* If at any time while the Plan is in effect, 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, the Committee shall make an appropriate adjustment in the number and kind of Shares then subject to being issued under the Plan, so that the same proportion of the Company's issued and outstanding Shares shall continue to be subject to issuance under the Plan upon the exercise of Options or as Restricted Stock.

Section 4.3. *Amendment.* The Board may amend or modify the Plan in any respect at any time, subject to stockholder approval if required by applicable law or regulation or by applicable stock exchange rules.

Section 4.4. *Duration and Termination.* The Plan shall be of unlimited duration. 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 4.5. *Effective Date.* The Plan amends and restates the Existing Plan in its entirety. Such amendment and restatement was adopted by the Board on March 3, 2005, to be effective April 26, 2005, with the Existing Plan remaining in effect until that date.

**NONINCENTIVE STOCK OPTION AGREEMENT  
KIRBY CORPORATION  
2000 NONEMPLOYEE DIRECTOR STOCK OPTION PLAN**

A Nonincentive Stock Option for a total of \_\_\_ shares of common stock, par value \$0.10 per share, of Kirby Corporation (the "Company"), is hereby granted pursuant to Section 2.2 of the 2000 Nonemployee Director Stock Option Plan of the Company, as amended (the "Plan") to (the "Optionee"). This Option is in all respects subject to the definitions, terms, conditions and limitations contained in the Plan, which is incorporated herein by reference.

1. Option Price. The option price is \$ \_\_\_ for each share, being the Fair Market Value of the common stock on the Date of Grant.

2. Date of Grant. The Date of Grant of this Option is \_\_\_\_, \_\_\_\_.

3. Exercise of Option. This Option shall be exercisable in whole or in part on or after the Date of Grant as follows:

(a) Term of Option. This Option may not be exercised after the expiration of ten (10) years from the Date of Grant and is subject to earlier termination as provided in the Plan. This Option may be exercised during such time only in accordance with the Plan and the terms of this Option.

(b) Method of Exercise. This Option shall be exercisable by a written notice delivered to the Company which shall:

(i) state the election to exercise the Option and the number of shares in respect of which it is being exercised; and

(ii) be signed by the person or persons entitled to exercise the Option and, if the Option is being exercised by any person or persons other than the Optionee, be accompanied by proof, satisfactory to the Company, of the right of such person or persons to exercise the Option.

(c) Payment. Payment of the purchase price of any shares with respect to which this Option is being exercised shall be by cash, certified or cashier's check, money order, personal check, shares of Common Stock of the Company, or by a combination of the above, delivered to the Company and the exercise shall not be effective until such payment is made. If the exercise price is paid in whole or in part with shares of Common Stock of the Company, the value of the shares surrendered shall be their Fair Market Value on the date received by the Company. The certificate or certificates for shares of Common Stock as to which the Option shall be exercised shall be registered in the name of the person or persons exercising the Option.

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(d) Withholding. Optionee shall make satisfactory arrangements for the withholding of any amounts necessary for withholding in accordance with applicable federal or state income tax laws.

(e) Restrictions on Exercise.

(i) This Option may not be exercised if the issuance of the shares upon such exercise would constitute a violation of any applicable federal or state securities or other law or valid regulation. As a condition to the exercise of this Option, the Company may require the person exercising this Option to make any agreements and undertakings that may be required by any applicable law or regulation.

(ii) Shares issued upon the exercise of this Option without registration of such shares under the Securities Act of 1933, as amended (the "Act"), shall be restricted securities subject to the terms of Rule 144 under the Act. The certificates representing any such shares shall bear an appropriate legend restricting transfer and the transfer agent of the Company shall be given stop transfer instructions with respect to such shares.

(f) Partial Exercise. Upon the exercise of this Option in part, the Optionee shall deliver this agreement to the Company which shall endorse on the agreement a notation of such exercise and return the agreement to the Optionee.

4. Nontransferability of Option. This Option may not be transferred by the Optionee otherwise than by will or the laws of descent and distribution and so long as the Optionee lives, only the Optionee or his guardian or legal representative shall have the right to exercise this Option. The terms of this Option shall be binding upon the executors, administrators, heirs, successors and assigns of the Optionee.

KIRBY CORPORATION

By \_\_\_\_\_  
Name \_\_\_\_\_  
Title \_\_\_\_\_

Optionee acknowledges receipt of a copy of the Plan, and represents that he or she is familiar with the terms and provisions thereof, and hereby accepts this Option subject to all of the terms and provisions of the Plan. Optionee hereby agrees to accept as binding, conclusive and final all decision or interpretations of the Committee (as defined in the Plan) upon any questions arising under the Plan.

\_\_\_\_\_  
Optionee

**NONINCENTIVE STOCK OPTION AGREEMENT  
KIRBY CORPORATION  
2000 NONEMPLOYEE DIRECTOR STOCK OPTION PLAN**

A Nonincentive Stock Option for a total of \_\_\_ shares of common stock, par value \$0.10 per share, of Kirby Corporation (the "Company"), is hereby granted pursuant to Section 2.3 of the 2000 Nonemployee Director Stock Option Plan of the Company, as amended (the "Plan") to

(the "Optionee"). This Option is in all respects subject to the definitions, terms, conditions and limitations contained in the Plan, which is incorporated herein by reference.

1. Option Price. The option price is \$ \_\_\_ for each share, being the Fair Market Value of the common stock on the Date of Grant.

2. Date of Grant. The Date of Grant of this Option is \_\_\_\_, \_\_\_\_.

3. Exercise of Option. This Option shall be exercisable as follows:

(a) Date of Exercise. This Option shall become exercisable in whole or in part six (6) months after the Date of Grant, except that this Option shall become immediately exercisable upon the occurrence of a Change in Control.

(b) Term of Option. This Option may not be exercised after the expiration of ten (10) years from the Date of Grant and is subject to earlier termination as provided in the Plan. This Option may be exercised during such time only in accordance with the Plan and the terms of this Option.

(c) Method of Exercise. This Option shall be exercisable by a written notice delivered to the Company which shall:

(i) state the election to exercise the Option and the number of shares in respect of which it is being exercised; and

(ii) be signed by the person or persons entitled to exercise the Option and, if the Option is being exercised by any person or persons other than the Optionee, be accompanied by proof, satisfactory to the Company, of the right of such person or persons to exercise the Option.

(d) Payment. Payment of the purchase price of any shares with respect to which this Option is being exercised shall be by cash, certified or cashier's check, money order, personal check, shares of Common Stock of the Company, or by a combination of the above, delivered to the Company and the exercise shall not be effective until such payment is made. If the exercise price is paid in whole or in part with shares of Common Stock of the Company, the value of the shares surrendered shall be their Fair Market Value on the date received by the

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Company. The certificate or certificates for shares of Common Stock as to which the Option shall be exercised shall be registered in the name of the person or persons exercising the Option.

(e) Withholding. Optionee shall make satisfactory arrangements for the withholding of any amounts necessary for withholding in accordance with applicable federal or state income tax laws.

(f) Restrictions on Exercise.

(i) This Option may not be exercised if the issuance of the shares upon such exercise would constitute a violation of any applicable federal or state securities or other law or valid regulation. As a condition to the exercise of this Option, the Company may require the person exercising this Option to make any agreements and undertakings that may be required by any applicable law or regulation.

(ii) Shares issued upon the exercise of this Option without registration of such shares under the Securities Act of 1933, as amended (the "Act"), shall be restricted securities subject to the terms of Rule 144 under the Act. The certificates representing any such shares shall bear an appropriate legend restricting transfer and the transfer agent of the Company shall be given stop transfer instructions with respect to such shares.

(g) Partial Exercise. Upon the exercise of this Option in part, the Optionee shall deliver this agreement to the Company which shall endorse on the agreement a notation of such exercise and return the agreement to the Optionee.

4. Nontransferability of Option. This Option may not be transferred by the Optionee otherwise than by will or the laws of descent and distribution and so long as the Optionee lives, only the Optionee or his guardian or legal representative shall have the right to exercise this Option. The terms of this Option shall be binding upon the executors, administrators, heirs, successors and assigns of the Optionee.

KIRBY CORPORATION

By \_\_\_\_\_  
Name \_\_\_\_\_  
Title \_\_\_\_\_

Optionee acknowledges receipt of a copy of the Plan, and represents that he or she is familiar with the terms and provisions thereof, and hereby accepts this Option subject to all of the terms and provisions of the Plan. Optionee hereby agrees to accept as binding, conclusive and final all decision or interpretations of the Committee (as defined in the Plan) upon any questions arising under the Plan.

\_\_\_\_\_  
Optionee

**NONINCENTIVE STOCK OPTION AGREEMENT  
KIRBY CORPORATION  
2000 NONEMPLOYEE DIRECTOR STOCK OPTION PLAN**

A Nonincentive Stock Option for a total of \_\_\_ shares of common stock, par value \$0.10 per share, of Kirby Corporation (the "Company"), is hereby granted pursuant to Section 2.4 of the 2000 Nonemployee Director Stock Option Plan of the Company, as amended (the "Plan") to

(the "Optionee"). This Option is in all respects subject to the definitions, terms, conditions and limitations contained in the Plan, which is incorporated herein by reference.

1. Option Price. The option price is \$ \_\_\_ for each share, being the Fair Market Value of the common stock on the Date of Grant.

2. Date of Grant. The Date of Grant of this Option is \_\_\_, \_\_\_.

3. Exercise of Option. This Option shall be exercisable as follows:

(a) Date of Exercise. This Option shall become exercisable in whole or in part with respect to the following numbers of Shares on the dates indicated:

(i) \_\_\_ Shares on June 30, \_\_\_;

(ii) \_\_\_ Shares on September 30, \_\_\_;

(iii) \_\_\_ Shares on December 31, \_\_\_; and

(iv) \_\_\_ Shares on March 31, \_\_\_;

provided that this Option shall become immediately exercisable in full upon the occurrence of a Change in Control.

(b) Term of Option. This Option may not be exercised after the expiration of ten (10) years from the Date of Grant and is subject to earlier termination as provided in the Plan. This Option may be exercised during such time only in accordance with the Plan and the terms of this Option.

(c) Method of Exercise. This Option shall be exercisable by a written notice delivered to the Company which shall:

(i) state the election to exercise the Option and the number of shares in respect of which it is being exercised; and

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(ii) be signed by the person or persons entitled to exercise the Option and, if the Option is being exercised by any person or persons other than the Optionee, be accompanied by proof, satisfactory to the Company, of the right of such person or persons to exercise the Option.

(d) Payment. Payment of the purchase price of any shares with respect to which this Option is being exercised shall be by cash, certified or cashier's check, money order, personal check, shares of Common Stock of the Company, or by a combination of the above, delivered to the Company and the exercise shall not be effective until such payment is made. If the exercise price is paid in whole or in part with shares of Common Stock of the Company, the value of the shares surrendered shall be their Fair Market Value on the date received by the Company. The certificate or certificates for shares of Common Stock as to which the Option shall be exercised shall be registered in the name of the person or persons exercising the Option.

(e) Withholding. Optionee shall make satisfactory arrangements for the withholding of any amounts necessary for withholding in accordance with applicable federal or state income tax laws.

(f) Restrictions on Exercise.

(i) This Option may not be exercised if the issuance of the shares upon such exercise would constitute a violation of any applicable federal or state securities or other law or valid regulation. As a condition to the exercise of this Option, the Company may require the person exercising this Option to make any agreements and undertakings that may be required by any applicable law or regulation.

(ii) Shares issued upon the exercise of this Option without registration of such shares under the Securities Act of 1933, as amended (the "Act"), shall be restricted securities subject to the terms of Rule 144 under the Act. The certificates representing any such shares shall bear an appropriate legend restricting transfer and the transfer agent of the Company shall be given stop transfer instructions with respect to such shares.

(g) Partial Exercise. Upon the exercise of this Option in part, the Optionee shall deliver this agreement to the Company which shall endorse on the agreement a notation of such exercise and return the agreement to the Optionee.

4. Nontransferability of Option. This Option may not be transferred by the Optionee otherwise than by will or the laws of descent and distribution and so long as the Optionee lives, only the Optionee or his guardian or legal representative shall have the right to exercise this Option. The terms of this Option shall be binding upon the executors, administrators, heirs, successors and assigns of the Optionee.

KIRBY CORPORATION

By \_\_\_\_\_  
Name \_\_\_\_\_  
Title \_\_\_\_\_

Optionee acknowledges receipt of a copy of the Plan, and represents that he or she is familiar with the terms and provisions thereof, and hereby accepts this Option subject to all of the terms and provisions of the Plan. Optionee hereby agrees to accept as binding, conclusive and final all decision or interpretations of the Committee (as defined in the Plan) upon any questions arising under the Plan.

\_\_\_\_\_  
Optionee



**RESTRICTED STOCK AGREEMENT  
KIRBY CORPORATION  
2000 NONEMPLOYEE DIRECTOR STOCK OPTION PLAN**

A Restricted Stock award for a total of \_\_\_ shares of common stock, par value \$0.10 per share, of Kirby Corporation (the "Company") is hereby granted pursuant to Section 3.2 of the 2000 Nonemployee Director Stock Option Plan of the Company, as amended (the "Plan") to

(the "Participant"). This award is in all respects subject to the definitions, terms, conditions and limitations contained in the Plan, which is incorporated herein by reference.

1. Date of Grant. The Date of Grant of this award is \_\_\_\_, \_\_\_\_.
2. Vesting. The Shares subject to this award shall vest on \_\_\_\_, \_\_\_\_; provided that all Shares subject to this award shall vest upon the occurrence of a Change in Control; and provided further that all Shares subject to this award that have not vested at the time the Participant ceases to be a Director of the Company shall be forfeited.
3. Voting; Dividends. The Participant shall be entitled to vote and receive any dividends on the Shares of Restricted Stock subject to this award with respect to record dates for voting or dividends occurring on or after the Date of Grant and before the date on which any such Shares are forfeited.
4. Certificates.

(a) Each stock certificate or book-entry statement representing Shares of Restricted Stock subject to this award shall bear the following legend until such Shares have vested:

THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO A RISK OF FORFEITURE AND RESTRICTIONS ON TRANSFER IMPOSED BY THE ISSUER PURSUANT TO THE 2000 NONEMPLOYEE DIRECTOR STOCK OPTION PLAN OF THE ISSUER (THE "PLAN") AND A RESTRICTED STOCK AGREEMENT BETWEEN THE ISSUER AND THE HOLDER (THE "AGREEMENT"). SUCH SHARES MAY NOT BE TRANSFERRED, ASSIGNED OR PLEDGED UNTIL SUCH RESTRICTIONS LAPSE AND THE SHARES SUBJECT TO THIS CERTIFICATE HAVE VESTED PURSUANT TO THE PLAN AND THE AGREEMENT.

(b) The Participant shall own any Shares of Restricted Stock that have vested free of any restrictions otherwise imposed by this Agreement and shall be entitled to a certificate representing such Shares without the legend set forth in Section 4(a) of this agreement in accordance with the terms of the Plan.

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(c) The Participant shall return all certificates representing forfeited Shares to the Company, duly endorsed or accompanied by duly executed stock powers.

5. General.

(a) The Participant shall make arrangements satisfactory to the Committee for the withholding of any amounts necessary for withholding in accordance with applicable federal or state income tax laws.

(b) Any Restricted Stock issued without registration of such Shares under the Securities Act of 1933, as amended (the "Act"), shall be restricted securities subject to the terms of Rule 144 under the Act. The stock certificates or book entry statements representing any such Shares shall bear an appropriate legend restricting transfer and the transfer agent of the Company shall be given stop transfer instructions with respect to such Shares.

(c) Shares of Restricted Stock may not be transferred by the Participant otherwise than by will or the laws of descent and distribution. The terms of this award shall be binding upon the executors, administrators, heirs, successors and assigns of the Participant.

KIRBY CORPORATION

By \_\_\_\_\_  
Name \_\_\_\_\_  
Title \_\_\_\_\_

The Participant acknowledges receipt of a copy of the Plan, and represents that he or she is familiar with the terms and provisions thereof, and hereby accepts this Restricted Stock award subject to all of the terms and provisions of the Plan. The Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Committee on any questions arising under the Plan.

\_\_\_\_\_  
Participant

**RESTRICTED STOCK AGREEMENT  
KIRBY CORPORATION  
2000 NONEMPLOYEE DIRECTOR STOCK OPTION PLAN**

A Restricted Stock award for a total of \_\_\_ shares of common stock, par value \$0.10 per share, of Kirby Corporation (the "Company") is hereby granted pursuant to Section 3.3 of the 2000 Nonemployee Director Stock Option Plan of the Company, as amended (the "Plan") to

(the "Participant"). This award is in all respects subject to the definitions, terms, conditions and limitations contained in the Plan, which is incorporated herein by reference.

1. Date of Grant. The Date of Grant of this award is \_\_\_\_, \_\_\_\_.
2. Vesting. The Shares subject to this award shall vest according to the following schedule:
  - (a) \_\_\_ Shares on June 30, \_\_\_\_;
  - (b) \_\_\_ Shares on September 30, \_\_\_\_;
  - (c) \_\_\_ Shares on December 31, \_\_\_\_; and
  - (d) \_\_\_ Shares on March 31, \_\_\_\_;

provided that all Shares subject to this award shall vest upon the occurrence of a Change in Control; and provided further that all Shares subject to this award that have not vested at the time the Participant ceases to be a Director of the Company shall be forfeited.

3. Voting; Dividends. The Participant shall be entitled to vote and receive any dividends on the Shares of Restricted Stock subject to this award with respect to record dates for voting or dividends occurring on or after the Date of Grant and before the date on which any such Shares are forfeited.

4. Certificates.

(a) Each stock certificate or book-entry statement representing Shares of Restricted Stock subject to this award shall bear the following legend until such Shares have vested:

THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO A RISK OF FORFEITURE AND RESTRICTIONS ON TRANSFER IMPOSED BY THE ISSUER PURSUANT TO THE 2000 NONEMPLOYEE DIRECTOR STOCK OPTION PLAN OF THE ISSUER (THE "PLAN") AND A RESTRICTED STOCK AGREEMENT BETWEEN THE ISSUER AND THE HOLDER (THE "AGREEMENT"). SUCH SHARES MAY

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NOT BE TRANSFERRED, ASSIGNED OR PLEDGED UNTIL SUCH RESTRICTIONS LAPSE AND THE SHARES SUBJECT TO THIS CERTIFICATE HAVE VESTED PURSUANT TO THE PLAN AND THE AGREEMENT.

(b) The Participant shall own any Shares of Restricted Stock that have vested free of any restrictions otherwise imposed by this Agreement and shall be entitled to a certificate representing such Shares without the legend set forth in Section 4(a) of this agreement in accordance with the terms of the Plan.

(c) The Participant shall return all certificates representing forfeited Shares to the Company, duly endorsed or accompanied by duly executed stock powers.

5. General.

(a) The Participant shall make arrangements satisfactory to the Committee for the withholding of any amounts necessary for withholding in accordance with applicable federal or state income tax laws.

(b) Any Restricted Stock issued without registration of such Shares under the Securities Act of 1933, as amended (the "Act"), shall be restricted securities subject to the terms of Rule 144 under the Act. The stock certificates or book entry statements representing any such Shares shall bear an appropriate legend restricting transfer and the transfer agent of the Company shall be given stop transfer instructions with respect to such Shares.

(c) Shares of Restricted Stock may not be transferred by the Participant otherwise than by will or the laws of descent and distribution. The terms of this award shall be binding upon the executors, administrators, heirs, successors and assigns of the Participant.

KIRBY CORPORATION

By \_\_\_\_\_  
Name \_\_\_\_\_  
Title \_\_\_\_\_

The Participant acknowledges receipt of a copy of the Plan, and represents that he or she is familiar with the terms and provisions thereof, and hereby accepts this Restricted Stock award subject to all of the terms and provisions of the Plan. The Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Committee on any questions arising under the Plan.

\_\_\_\_\_  
Participant