

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

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

For the quarter ended September 30, 1995

Transition report pursuant to Section 13 or 15(d) of the Securities and 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.)

1775 St. James Place, Suite 300, Houston, TX

77056-3453

(Address of principal executive offices)

(Zip Code)

(713) 629-9370

(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 No

The number of shares outstanding of the registrant's Common Stock, \$.10 par value per share, on November 10, 1995 was 26,384,566.

PART 1 - FINANCIAL INFORMATION

KIRBY CORPORATION AND CONSOLIDATED SUBSIDIARIES

BALANCE SHEETS
(Unaudited)

ASSETS

	September 30, 1995	December 31, 1994
	-----	-----
	(\$ in thousands)	

Current assets:

Cash and invested cash	\$ 887	6,980
Available-for-sale securities -- short-term investments	16,763	8,244
Accounts and notes receivable, net of allowance for doubtful accounts	65,198	63,397
Inventory - finished goods, at lower of average cost or market	8,391	8,270
Prepaid expenses	13,262	13,661
Deferred taxes	795	1,324
	-----	-----

Total current assets	105,296	101,876
	-----	-----
Property and equipment, at cost	484,857	481,612
Less allowance for depreciation	170,236	153,672
	-----	-----
	314,621	327,940
Investments in affiliates:	-----	-----
Insurance affiliate	43,063	41,644
Marine affiliates	8,998	181
	-----	-----
	52,061	41,825
	-----	-----
Excess cost of consolidated subsidiaries	3,693	9,280
Noncompete agreements	1,726	3,889
Sundry	8,322	12,731
	-----	-----
	\$485,719	497,541
	=====	=====

See accompanying notes to financial statements.

KIRBY CORPORATION AND CONSOLIDATED SUBSIDIARIES

BALANCE SHEETS
(Unaudited)

LIABILITIES AND STOCKHOLDERS' EQUITY

	September 30, 1995	December 31, 1994
	-----	-----
	(\$ in thousands)	
Current liabilities:		
Current portion of long-term debt	\$ 5,676	10,962
Accounts payable	21,164	16,368
Accrued liabilities	36,738	37,531
Deferred revenues	7,093	8,294
	-----	-----
Total current liabilities	70,671	73,155
	-----	-----
Long-term debt, less current portion	158,933	148,535
Deferred taxes	40,875	42,452
Other long-term liabilities	7,076	7,998
	-----	-----
Total liabilities	277,555	272,140
	-----	-----
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 30,804,000 shares (30,782,000 at December 31, 1994)	3,078	3,078
Additional paid-in capital	157,300	157,021
Unrealized net gains (losses) in value of investments	814	(261)
Retained earnings	81,938	78,651
	-----	-----
Total equity	243,130	238,489
	-----	-----
Less cost of 3,925,000 shares in treasury (2,468,000 at December 31, 1994)	34,966	13,088
	-----	-----
	208,164	225,401
	-----	-----
	\$485,719	497,541
	=====	=====

See accompanying notes to financial statements.

KIRBY CORPORATION AND CONSOLIDATED SUBSIDIARIES

STATEMENTS OF EARNINGS
(Unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	1995	1994	1995	1994

	(\$ in thousands, except per share amounts)			
Revenues:				
Transportation	\$ 91,058	77,338	253,344	224,750
Diesel repair	12,492	11,755	39,207	33,572
Investment income	663	444	1,574	945
Gain (loss) on disposition of assets	98	316	(138)	552
	-----	-----	-----	-----
	104,311	89,853	293,987	259,819
	-----	-----	-----	-----
Costs and expenses:				
Costs of sales and operating expenses (except as shown below)	70,034	62,783	198,414	178,971
Selling, general and administrative	10,525	8,545	30,397	28,784
Taxes, other than on income	2,450	3,657	7,391	11,260
Depreciation and amortization	10,042	8,232	29,441	23,714
Impairment of long-lived assets	17,500	--	17,500	--
	-----	-----	-----	-----
	110,551	83,217	283,143	242,729
	-----	-----	-----	-----
Operating income (loss)	(6,240)	6,636	10,844	17,090
Equity in earnings of insurance affiliate	1,210	1,290	5,181	4,378
Equity in earnings of marine affiliates	884	--	1,469	--
Interest expense	(3,252)	(2,355)	(9,208)	(6,121)
	-----	-----	-----	-----
Earnings (loss) before taxes on income	(7,398)	5,571	8,286	15,347
Provision (benefit) for taxes on income	(800)	1,965	4,999	5,651
	-----	-----	-----	-----
Net earnings (loss)	\$ (6,598)	3,606	3,287	9,696
	=====	=====	=====	=====
Earnings (loss) per share of common stock	\$ (.24)	.13	.12	.34
	=====	=====	=====	=====

See accompanying notes to financial statements.

KIRBY CORPORATION AND CONSOLIDATED SUBSIDIARIES

STATEMENTS OF CASH FLOW
(Unaudited)

	Nine months ended September 30,	
	1995	1994
	(\$ in thousands)	
Net earnings	\$ 3,287	9,696
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Loss (gain) on disposition of assets	138	(552)
Depreciation and amortization	29,441	23,714
Increase (decrease) in deferred taxes	(696)	4,951
Deferred scheduled maintenance costs	5,409	2,076
Equity in earnings of insurance affiliate	(5,181)	(4,378)
Redemption from insurance affiliate	5,016	7,000
Equity in earnings of marine affiliates	(1,469)	--
Distributions from marine affiliates	867	--
Impairment of long-lived assets	17,500	--
Other noncash adjustments to earnings	33	125
Decrease in cash flow from other changes in operating working capital	(7,651)	(8,764)
	-----	-----
Net cash provided by operating activities	46,694	33,868
	-----	-----
Cash flow from investing activities:		
Net decrease in investments	(8,699)	(8,759)
Capital expenditures	(32,984)	(49,610)
Proceeds from disposition of assets	1,190	2,572
	-----	-----
Net cash used in investing activities	(40,493)	(55,797)
	-----	-----
Cash flow from financing activities:		
Borrowings on bank revolving credit loan	171,100	181,000
Payments on bank revolving credit loan	(217,800)	(145,500)
Increase in long-term debt	82,891	--
Payments under long-term debt	(26,534)	(9,724)
Purchases of treasury stock	(22,039)	(141)
Proceeds from exercise of stock options	88	594
	-----	-----
Net cash provided (used) by financing activities	(12,294)	26,229
	-----	-----

Table continues on following page

KIRBY CORPORATION AND CONSOLIDATED SUBSIDIARIES

STATEMENTS OF CASH FLOW
(Unaudited)

	Nine months ended September 30,	
	1995	1994
Increase (decrease) in cash and invested cash	(6,093)	4,300
Cash and invested cash, beginning of year	6,980	1,998
Cash and invested cash, end of period	\$ 887	6,298
Supplemental disclosures of cash flow information:		
Cash paid during the period for:		
Interest	\$ 6,145	5,436
Income taxes	\$ 4,000	5,450

See accompanying notes to financial statements.

KIRBY CORPORATION AND CONSOLIDATED SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS

In the opinion of management, the accompanying unaudited 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 September 30, 1995 and December 31, 1994, and the results of operations for the three months and nine months ended September 30, 1995 and 1994.

(1) BASIS FOR PREPARATION OF THE FINANCIAL STATEMENTS

The 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) COMPARABILITY OF FINANCIAL STATEMENTS

On July 18, 1995, Universal Insurance Company ("Universal") redeemed \$5 million of its common stock from the Company and sold \$5 million of its common stock to Eastern America Insurance Group, Inc. ("Eastern America Group"). Such redemption and sale reduced the Company's ownership of Universal from 58% to 47% and increased Eastern America Group's ownership of Universal from 42% to 53%. Based on the Company's ownership of Universal declining to 47%, the Company's investment in Universal for the current period and future periods will be accounted for under the equity method of accounting. Prior period financial statements have been restated to reflect this change in accounting.

(3) ADOPTION OF ACCOUNTING STANDARDS

The Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 121 ("SFAS 121"), "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of" in March 1995. SFAS 121 establishes standards for the impairment of long-lived assets, certain identifiable intangibles related to those assets to be held and used, and for long-lived assets and certain identifiable intangibles to be disposed of. Effective September 30, 1995, the Company adopted SFAS 121. This adoption is earlier than the required deadline of the 1996 first quarter.

KIRBY CORPORATION AND CONSOLIDATED SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS

(3) ADOPTION OF ACCOUNTING STANDARDS, Continued

As a result of the adoption of SFAS 121, the Company reduced the carrying value of certain marine transportation equipment and related intangibles by taking a \$17,500,000 pre-tax, non-recurring charge in the 1995 third quarter. The after-tax effect of the charge was \$13,000,000, or \$.47 per share. The Company reviewed long-term assets and certain identifiable intangibles for impairment by division, and by vessel class within each division. For purposes of determining fair value, the Company estimated future cash flows expected to be generated, assuming the above groups, less the future cash outflows expected to be necessary to obtain the inflows.

An analysis of the reductions of the carrying value of the assets upon adoption of SFAS 121 follows:

	Before adoption of SFAS 121 -----	Adoption of SFAS 121 -----	After adoption of SFAS 121 -----
	(\$ in thousands)		
Offshore Transportation Division:			
Break-bulk freighters:			
Freighters	\$10,064	(6,366)	3,698
Land and equipment	1,662	(783)	879
Intangibles	9,525	(9,525)	--
	-----	-----	-----
	21,251	(16,674)	4,577
Tanker	2,029	(693)	1,336
Inland Transportation Division:			
Inland tank barges	164	(133)	31
	-----	-----	-----
	\$23,444	(17,500)	5,944
	=====	=====	=====

KIRBY CORPORATION AND CONSOLIDATED SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS

(5) LONG-TERM DEBT

In December 1994, the Company established a \$250,000,000 medium term note program providing for the issuance of fixed rate or floating rate notes with maturities of nine months or longer. The shelf registration program, registered with the Securities and Exchange Commission, was activated in March 1995 with the issuance of \$34,000,000 of the authorized notes. The issued medium term notes bear interest at an average fixed rate of 7.77% with a maturity of March 10, 1997. Proceeds from sale of the notes were used to retire the Company's outstanding bank term loan in the amount of \$10,286,000 due June 1, 1997 and to reduce the Company's outstanding revolving credit loans by \$23,714,000. The Company's outstanding bank term loan in the amount of \$10,666,000, due March 6, 1997, was retired on March 20, 1995 with proceeds borrowed under the Company's revolving credit agreements. In June 1995, the Company issued \$45,000,000 of authorized notes, bearing a fixed interest rate of 7.25%, with a maturity of June 1, 2000. Proceeds from the sale of the notes were used to reduce the Company's outstanding revolving credit loans. The remaining \$171,000,000 available under the medium term note program is available to provide financing for future business and equipment acquisitions, and working capital requirements.

KIRBY CORPORATION AND CONSOLIDATED SUBSIDIARIES

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

Results of Operations

The Company reported net earnings of \$3,287,000, or \$.12 per share, for the first nine months of 1995, compared with \$9,696,000, or \$.34 per share, for the first nine months of 1994. For the 1995 third quarter, the Company reported a net loss of \$6,598,000, or \$.24 per share, compared with net earnings of \$3,606,000, or \$.13 per share, for the 1994 third quarter.

The Company adopted SFAS 121, Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of, effective September 30, 1995. As a result of the adoption of SFAS 121, the Company reduced the carrying value of certain marine transportation equipment and related intangibles by taking a \$17,500,000 pre-tax, non-recurring charge in the 1995 third quarter. The after-tax effect of the charge was \$13,000,000, or \$.47 per share. The Company reviewed long-term assets and certain identifiable intangibles for impairment by division, and by vessel class within each division. For purposes of determining fair value, the Company estimated future cash flows expected to be generated, assuming the above groupings, less the future cash outflows expected to be necessary to obtain the inflows.

Marine Transportation

As a provider of service for both the inland and offshore United States markets, the marine transportation segment is divided into three divisions organized around the markets they serve: the Inland Chemical Division, serving the inland industrial and agricultural chemical markets; the Inland Refined Products Division, serving the inland refined products market; and the Offshore Division, which serves the offshore petroleum products, container, dry-bulk and palletized cargo markets. A division analysis of the marine transportation segment follows:

Marine Transportation - Inland Divisions

The Inland Chemical and Refined Products Divisions' transportation revenues for the 1995 first nine months totaled \$178,453,000, reflecting a 21% increase compared with \$148,081,000 reported for the first nine months of 1994. Third quarter 1995 transportation revenues totaled \$63,402,000, an increase of 19% when compared with third quarter 1994 revenues of \$53,390,000. The acquisition from The Dow Chemical Company ("Dow") in November 1994 of 65 inland tank barges, the assumption of the lease of 31 inland tank barges from Dow and the accompanying ten year contract with Dow to provide inland bulk liquid marine transportation services, contributed to the majority of the increase in revenues for each comparable period.

KIRBY CORPORATION AND CONSOLIDATED SUBSIDIARIES

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

Results of Operations, Continued

Equipment utilization in the Inland Chemical and Refined Products Divisions remained stable during the 1995 first nine months and third quarter. The Inland Chemical Division, with over 80% of its movements under long-term contracts, benefited during both periods from contract renewals at higher rates and continued operating efficiencies. The Dow fleet acquisition is being integrated into the fleet and the fleet is operating more efficiently than during the first half of the 1995 year.

The Inland Refined Products Divisions' third quarter movements, with approximately 50% under long-term contract, benefited from the summer driving season. Additional refinery capacity and pipeline efficiencies in the Midwest resulted in lower rates and a slight decrease in movements when compared with the 1994 third quarter and nine months.

Movements of liquid fertilizer and anhydrous ammonia, through the Inland Chemical Division, were as predicted during the 1995 third quarter. Typically, fertilizer is applied in the spring with terminals resupplied in the fall; therefore, July and August are slow periods; however, with the closure of the Upper Mississippi River System from flooding from May 19 through June 9, the spring fertilizer season was extended. September is the normal beginning of the fall fertilizer season.

During the majority of the 1995 third quarter, the Illinois River was closed for lock repairs, thereby negatively affecting the results of both the Inland Chemical and Refined Products Divisions. In addition, several hurricanes negatively affected both divisions' Gulf Coast operations.

Costs and expenses, excluding interest expense, for the Inland Chemical and Refined Products Divisions for the 1995 first nine months totaled \$151,073,000, reflecting an 18% increase over the 1994 first nine months total of \$127,792,000. Third quarter 1995 costs and expenses, excluding interest expense, totaled \$51,710,000, an increase of 16% over the comparable 1994 third quarter when costs and expenses totaled \$44,583,000. The increase for both comparable periods reflects the costs and expenses associated with the operation of the Dow equipment acquired in November 1994, as well as inflationary increases in costs and expenses.

KIRBY CORPORATION AND CONSOLIDATED SUBSIDIARIES

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

Results of Operations, Continued

The Inland Chemical and Refined Products Divisions' operating income for the 1995 first nine months totaled \$27,471,000, an increase of 30% compared with 1994 first nine months operating income of \$21,155,000. Operating income for the 1995 third quarter increased 27% to \$11,852,000 when compared with an operating income of \$9,321,000 for the 1994 third quarter. Operating margins for the 1995 first nine months increased to 15.4% compared with 14.3% for the first nine months of 1994. Operating margins for the 1995 third quarter also improved to 18.7% compared with 17.5% recorded for the 1994 third quarter.

Marine Transportation - Offshore Division

Transportation revenues from the Offshore Division for the 1995 first nine months totaled \$74,891,000, reflecting a 2% decrease compared with \$76,669,000 reported for the first nine months of 1994. Third quarter 1995 Offshore Division transportation revenues totaled \$27,656,000, an increase of 15% compared with \$23,948,000 reported for the 1994 third quarter.

With five of the Company's nine tankers operating under long-term contracts at adequate rates, the four remaining tankers operated sporadically in the spot market at inadequate rates. During the 1995 third quarter, one spot market tanker was laid up, as current rates did not justify an anticipated expenditure of approximately \$1,000,000 to maintain the vessel's operating certificate. The laid-up tanker has an Oil Pollution Act of 1990 expiration date of October 1996. In anticipation of the idle tanker not returning to service effective September 30, 1995, the tanker was written-down to scrap steel value upon the adoption of SFAS 121. Although tanker spot market rates are inadequate, the Offshore Division's liquid tanker segment contributed \$2,068,000 to the Company's operating income for the 1995 first nine months and \$181,000 of operating income for the 1995 third quarter.

KIRBY CORPORATION AND CONSOLIDATED SUBSIDIARIES

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

Results of Operations, Continued

Movements for the transportation of food aid and related products under the United States Government's preference aid cargo programs and military cargo movements allowed the Company's three freighters to be fully utilized during the 1995 third quarter. However, during the first half of 1995, all three freighters operating in this market have been laid-up at various times of the year due to the market's excess equipment capacity. Such excess capacity and lack of available cargo have resulted in rates that are inadequate to achieve operating profitability. Freight rates, which have been depressed since 1994, are not expected to recover to levels which will allow the three freighters to make consistent contributions to the Company's earnings in the future. With the adoption of SFAS 121, the Company wrote down the carrying value of the three freighters and related intangibles to fair market value in the 1995 third quarter. The Offshore Division's preference and military cargo segment suffered operating losses of \$2,989,000 for the 1995 first nine months and \$836,000 of operating losses for the 1995 third quarter, excluding the effects of the previously mentioned write-down.

Costs and expenses, excluding interest expense, for the Offshore Division for the 1995 first nine months totaled \$74,839,000, a decrease of 4% compared with \$78,233,000 for corresponding 1994 first nine months. Third quarter 1995 costs and expenses, excluding interest expense, totaled \$28,318,000, an increase of 6% compared with \$26,774,000 reported for the 1994 third quarter. The 4% decrease in costs and expenses when comparing the 1995 first nine months with the 1994 corresponding period primarily resulted from the lay-up of the three break-bulk freighters during the 1995 second quarter and the continued weakness in both the offshore liquid spot market and dry cargo markets. The 6% increase for the 1995 third quarter compared with the 1994 third quarter resulted from the full employment of the break-bulk freighters during the 1995 third quarter and the lay-up of as many as six liquid offshore vessels during the 1994 third quarter.

For the 1995 first nine months, the Offshore Division recorded operating income of \$160,000 compared with an operating loss of \$1,700,000 for the corresponding 1994 first nine months. For the 1995 third quarter, the Offshore Division recorded an operating loss of \$660,000, compared with an operating loss of \$2,960,000 for the 1994 third quarter. Operating margins for the 1995 first nine months were essentially break-even compared with a negative 2.2% for the 1994 first nine months. Operating margins for the 1995 third quarter totaled a negative 2.4% compared with a negative 12.4% for the 1994 third quarter.

KIRBY CORPORATION AND CONSOLIDATED SUBSIDIARIES

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

Results of Operations, Continued

The Company's investment in two marine transportation partnerships are accounted for following the equity method of accounting for the 1995 first nine months and third quarter. Such investment for the corresponding periods of the 1994 year was accounted for following the pro-rata method (recording the pro-rata share of the assets, liabilities, revenues and expenses of the partnerships). The Company recorded equity in earnings of \$1,469,000 for the 1995 nine months and \$884,000 for the 1995 third quarter. For the corresponding periods of the 1994 year, the Company recorded pre-tax earnings from the partnerships of \$1,823,000 for the first nine months and \$1,008,000 for the third quarter. The components of such prior year earnings were recorded pro-rata throughout the Statements of Earnings. The decline for both comparable periods reflect the low rates for preference aid movements, a market in which the partnerships participate, in addition to its contract movements of coal and limestone rock.

Diesel Repair

The Company's diesel repair segment reported diesel repair and parts sales revenues of \$39,207,000 for the 1995 first nine months, reflecting a 17% increase compared with \$33,572,000 reported for the 1994 first nine months. Third quarter 1995 revenues totaled \$12,492,000, an increase of 6% compared with 1994 third quarter revenues of \$11,755,000.

The diesel repair segment is divided into two divisions organized around the marine and rail markets. The Marine Diesel Repair Division operates on all three coasts and in the Midwest through five facilities that repair and overhaul marine diesel engines and reduction gears, and sell related parts and accessories. The Rail Diesel Repair Division provides replacement parts, service and support nationwide to shortline railroads and industrial companies that operate locomotives.

The Marine Diesel Repair Division's revenues for the 1995 first nine months totaled \$31,720,000, an increase of 16% compared with the 1994 first nine months' revenues of \$27,288,000. Third quarter 1995 revenues increased 3% to \$9,786,000 compared with \$9,516,000 reported for the 1994 third quarter. The Gulf Coast and Midwest markets benefited from the general health of the inland tank barge industry, the main customer base for such markets. During the late 1995 third quarter, the repair portion of such markets declined to some degree; however, such repair business has rebounded during the early 1995 fourth quarter. The East Coast market remained stable from military customers; however, the West Coast market has experienced peaks and valleys from the slowly rebounding tuna fishing industry.

KIRBY CORPORATION AND CONSOLIDATED SUBSIDIARIES

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

Results of Operations, Continued

The Rail Diesel Repair Division reported revenues for the 1995 first nine months of \$7,487,000, an increase of 19% compared with the 1994 first nine months revenues of \$6,284,000. Third quarter 1995 revenues totaled \$2,706,000, an increase of 21% compared with \$2,239,000 reported for the 1994 third quarter. Operations continue to expand since the Division's commencement in January 1994. The Rail Diesel Repair Division serves as the exclusive distributor to shortline and industrial railroads for aftermarket parts and service for the Electro-Motive Division of General Motors.

Costs and expenses, excluding interest expense, for the diesel repair segment totaled \$36,494,000, an increase of 16% compared with \$31,331,000 reported for the 1994 first nine months. Third quarter 1995 costs and expenses, excluding interest expense, equaled \$11,657,000, an increase of 7% over the comparable 1994 third quarter of \$10,845,000. The increases for both comparable periods reflect the continued growth in revenues from the two diesel repair divisions, as well as inflationary growth in costs and expenses.

The diesel repair segment's operating income for the 1995 first nine months totaled \$2,793,000, an increase of 21% compared with 1994 first nine months operating income of \$2,301,000. Third quarter 1995 operating income decreased 9% to \$853,000 compared with \$935,000 reported for the 1994 third quarter. Operating margins for the 1995 first nine months equaled 7.1% compared with 6.9% for the corresponding 1994 period. Third quarter 1995 operating margins totaled 6.8% compared with 8.0% reported for the 1994 third quarter.

Property and Casualty Insurance

The Company's investment in Universal, a full service property and casualty insurance company operating exclusively in the Commonwealth of Puerto Rico, is accounted for under the equity in earnings method of accounting.

On July 18, 1995, Universal redeemed \$5,000,000 of its common stock from the Company and sold \$5,000,000 of its common stock to Eastern America Group. Such redemption and sale lowered the Company's voting ownership in Universal from 58% to 47% and increased Eastern America Group's voting ownership in Universal from 42% to 53%. See "Note 2" to the notes to the financial statements included elsewhere herein for further disclosures on the Universal redemption and sale of its common stock, and the effects of the Company's voting ownership in Universal being decreased to 47%.

KIRBY CORPORATION AND CONSOLIDATED SUBSIDIARIES

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

Results of Operations, Continued

The Company recorded equity in earnings of insurance affiliate for the 1995 first nine months of \$5,181,000 compared with \$4,378,000 of restated equity in earnings for the corresponding 1994 period. Third quarter equity in earnings of insurance affiliate totaled \$1,210,000 compared with \$1,290,000 for the 1994 third quarter. The amount recorded by the Company as equity in earnings for the Company's investment in Universal is influenced to the extent that anticipated future redemptions by Universal of its common stock exceeds the Company's investment in Universal's stock. The Company also has an investment in Universal's nonvoting preferred stock (100%). Because the preferred stock is collateralized by a separate portfolio of U.S. Treasury Securities, the Company accounts for this preferred stock under SFAS 115. Therefore, the interest earned, as well as the realized gains from the sale of U.S. Treasury Securities collateralizing the preferred stock, are included as part of equity in earnings of insurance affiliate. During the 1995 third quarter, the Company recognized \$650,000 of realized gains from the sale of such U.S. Treasury Securities, which are included in equity in earnings of insurance affiliate.

Corporate Expenses

Interest expense for the 1995 first nine months totaled \$9,208,000, a 50% increase compared with \$6,121,000 reported for the 1994 first nine months. Third quarter 1995 interest expense totaled \$3,252,000 compared with \$2,355,000 for the 1994 third quarter, reflecting an increase of 38%. Such increase represents interest on debt incurred to finance the Dow asset acquisition in November 1994, the four tankers acquired in July 1994 and \$22,039,000 of treasury stock acquired during the 1995 first nine months, of which \$10,295,000 was acquired during the 1995 third quarter.

Provision for Taxes on Income

The effective tax rate for the 1995 first nine months and 1995 third quarter was significantly higher than in prior comparable periods. This primarily resulted from the write-off of \$4,600,000 in non-deductible goodwill in connection with the Company's adoption of SFAS 121. Therefore, the effective tax rate for both 1995 periods was above the expected 35% statutory rate.

KIRBY CORPORATION AND CONSOLIDATED SUBSIDIARIES

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

Financial Condition, Capital Resources and Liquidity

Treasury Stock Purchases

From April 24, 1995 through October 31, 1995, the Company purchased 1,974,020 shares of common stock at a total price of \$29,497,000, for an average price of \$14.94. On October 17, 1995, the Board of Directors increased the Company's common stock repurchase authorization to 4,250,000 shares, an increase of 2,250,000 over the 2,000,000 shares authorized in August 1994. The Company is authorized to purchase its common stock on the American 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.

Long-Term Financing

In December 1994, the Company established a \$250,000,000 medium term note program providing for the issuance of fixed rate or floating rate notes with the maturities of nine months or longer. The shelf registration program, registered with the Securities and Exchange Commission, was activated in March 1995 with the issuance of \$34,000,000 of the authorized notes. The issued medium term notes bear interest at an average fixed rate of 7.77% with a maturity of March 10, 1997. Proceeds from sale of the notes were used to retire the Company's outstanding bank term loan in the amount of \$10,286,000 due June 1, 1997 and to reduce the Company's outstanding revolving credit loans by \$23,714,000. The Company's outstanding bank term loan in the amount of \$10,666,000, due March 6, 1997, was retired on March 20, 1995 with proceeds borrowed under the Company's revolving credit agreements. In June 1995, the Company issued \$45,000,000 of authorized notes, bearing a fixed interest rate of 7.25%, with a maturity of June 1, 2000. Proceeds from the sale of the notes were used to reduce the Company's outstanding revolving credit loans. The remaining \$171,000,000 available under the medium term note program will provide financing for future business and equipment acquisitions and working capital requirements.

KIRBY CORPORATION AND CONSOLIDATED SUBSIDIARIES

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

Financial Condition, Capital Resources and Liquidity, Continued

Capital Expenditures

In May 1994, the Company entered into a contract for the construction of 12 double skin 29,000 barrel capacity inland tank barges for use in the movement of industrial chemicals and refined products. In February 1995, the Company exercised the option under the contract to construct 12 additional barges. Since January 1995, the Company has received nine barges, approximately one each month, and the remaining 15 barges are scheduled to be delivered one each month thereafter. A third option for the construction of 12 additional barges was canceled. The new construction program is consistent with the Company's long-term strategy of upgrading its equipment to service the needs of its customers and to enhance its market position.

Liquidity

The Company has generated net cash provided by operating activities of \$46,694,000 for the first nine months of 1995 compared with \$33,868,000 for the comparable 1994 period. Such funds are available for capital construction projects, treasury stock purchases, asset acquisitions, repayment of borrowings associated with asset acquisitions and for other operating requirements. In addition to its cash flow provided by operating activities, the Company also has available as of November 8, 1995 \$45,700,000 under its revolving credit agreement and \$171,000,000 available under its medium term note program.

During each year, 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, while the transportation assets acquired and accounted for using the purchase method of accounting were adjusted to a fair market value and, therefore, the cumulative long-term effect on inflation was reduced. The repair portion of the diesel repair segment is based on prevailing current market rates.

The Company has no present plan to pay dividends on its common stock.

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, 1994.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits:

11.0 Computation of Earnings per Common Share.

27.0 Financial Data Schedule

(b) Reports on Form 8-K:

There were no reports on Form 8-K filed for the nine months ended September 30, 1995.

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: November 13, 1995

KIRBY CORPORATION AND CONSOLIDATED SUBSIDIARIES

COMPUTATION OF EARNINGS PER COMMON SHARE

	Three months ended September 30,		Nine months ended September 30,	
	1995	1994	1995	1994

	(\$ in thousands, except per share amounts)			
Net earnings (loss)	\$ (6,598)	3,606	3,287	9,696
	=====	=====	=====	=====
Shares:				
Weighted average number of common shares outstanding	27,472	28,439	27,995	28,419
Common equivalent shares for dilutive effect of assumed exercise of stock options	--	290	314	322
	-----	-----	-----	-----
	27,472	28,729	28,309	28,741
	=====	=====	=====	=====
Earnings (loss) per share of common stock	\$ (.24)	.13	.12	.34
	=====	=====	=====	=====

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

9-MOS		
	DEC-31-1995	
	SEP-30-1995	887
	16,763	
	65,851	
	653	
	8,391	
	105,296	484,857
	170,236	
	485,719	
70,671		158,933
		3,078
0		0
		205,086
485,719		29,823
	293,987	23,805
	198,414	
	54,332	
	34	
	9,208	
	8,286	
	4,999	
3,287		0
		0
		0
	3,287	
	.12	
	.12	