

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q/A

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)	
Marine Transportation, Diesel Repair and Other		
Current assets:		
Cash and invested cash	\$ 887	7,355
Available-for-sale securities - short-term investments	16,763	2,875
Accounts and notes receivable, net of allowance for doubtful accounts	65,198	63,300
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	----- 96,785
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	--
Marine affiliates	8,998	181
	----- 52,061	----- 181
Excess cost of consolidated subsidiaries	3,693	9,280
Noncompete agreements	1,726	3,889
Sundry	8,322	12,731
	-----	-----
Total assets - Marine Transportation, Diesel Repair and Other	----- 485,719	----- 450,806
Insurance		
Investments:		
Available-for-sale securities:		
Fixed maturities		149,173
Short-term investments		21,227
	-----	-----
Cash and invested cash	--	170,400
Accrued investment income		4,485
Accounts and notes receivable, net of allowance for doubtful accounts		2,638
Reinsurance receivable on paid losses		9,613
Prepaid reinsurance premiums		9,871
Deferred policy acquisition costs		5,147
Property and equipment, at cost, net of allowance for depreciation		11,690
	-----	2,822
Total assets - Insurance	----- --	----- 216,666
	-----	-----
	\$ 485,719	667,472
	=====	=====

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)	
Marine Transportation, Diesel Repair and Other		
Current liabilities:		
Current portion of long-term debt	\$ 5,676	10,962
Accounts payable	21,164	15,771
Accrued liabilities	36,738	32,559
Deferred revenues	7,093	8,294

	-----	-----
Total current liabilities	70,671	67,586
	-----	-----
Long-term debt, less current portion	158,933	148,535
Deferred taxes	40,875	42,587
Other long-term liabilities	7,076	7,998
	-----	-----
Total liabilities - Marine Transportation, Diesel Repair and Other	277,555	266,706
	-----	-----
Insurance		
Losses, claims and settlement expenses		56,433
Unearned premiums		89,801
Reinsurance premiums payable		2,657
Other liabilities		11,473
Minority interest in consolidated insurance subsidiary		17,426
	-----	-----
Total liabilities - Insurance	--	177,790
	-----	-----
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	(2,686)
Retained earnings	81,938	78,651
	-----	-----
	243,130	236,064
Less cost of 3,925,000 shares in treasury (2,468,000 at December 31, 1994)	34,966	13,088
	-----	-----
	208,164	222,976
	-----	-----
	\$ 485,719	667,472
	=====	=====

See accompanying notes to financial statements.

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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
Net premiums earned	--	14,561	43,191	43,977
Commissions earned on reinsurance	--	1,103	2,048	3,557
Investment income	663	2,541	7,433	6,929
Gain (loss) on disposition of assets	98	316	(138)	552
Realized gain on investments	--	483	868	1,331
	-----	-----	-----	-----
	104,311	108,097	345,953	314,668
	-----	-----	-----	-----
Costs and expenses:				
Costs of sales and operating expenses (except as shown below)	70,034	60,646	198,410	172,075
Losses, claims and settlement expenses	--	12,770	30,189	38,678
Policy acquisition costs	--	3,641	9,365	10,919
Selling, general and administrative	10,525	10,567	35,670	34,299
Taxes, other than on income	2,450	3,751	7,765	11,573
Depreciation and amortization	10,042	8,345	29,776	24,026
Minority interest expense	--	451	2,463	1,630
Impairment of long-lived assets	17,500	--	17,500	--
	-----	-----	-----	-----
	110,551	100,171	331,138	293,200
	-----	-----	-----	-----

Operating income (loss)	(6,240)	7,926	14,815	21,468
Equity in earnings of insurance affiliate	1,210	--	1,210	--
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.

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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)
Realized gain on investments	(868)	(1,331)
Depreciation and amortization	29,776	24,026
Increase (decrease) in deferred taxes	(696)	4,951
Deferred scheduled maintenance costs	5,409	2,076
Equity in earnings of insurance affiliate	(1,210)	--
Redemption from insurance affiliate	5,016	--
Equity in earnings of marine affiliates	(1,469)	(25)
Distributions from marine affiliates	867	--
Minority interest expense	2,463	1,630
Impairment of long-lived assets	17,500	--
Other noncash adjustments to earnings	34	161
Increase (decrease) in cash flow from other changes in operating working capital for:		
Marine transportation, diesel repair and other	(7,427)	(17,478)
Insurance	14,101	32,273
	-----	-----
Net cash provided by operating activities	66,921	55,427
	-----	-----
Cash flow from investing activities:		
Proceeds from sale and maturities of investments	50,178	37,417
Purchase of investments	(69,650)	(91,149)
Net decrease (increase) in short-term investments	(13,645)	5,132
Capital expenditures	(33,653)	(50,263)
Proceeds from disposition of assets	1,190	2,571
	-----	-----
Net cash used in investing activities	(65,580)	(96,292)
	-----	-----
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)	--
Sale of insurance subsidiary stock to minority stockholder	--	7,000
Proceeds from exercise of stock options	88	452
	-----	-----
Net cash provided (used) by financing activities	(12,294)	33,228
	-----	-----
Decrease in cash and invested cash	(10,953)	(7,637)
Cash and invested cash, beginning of year	11,840	14,936
	-----	-----
Cash and invested cash, end of period	\$ 887	7,299
	=====	=====
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.

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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 1995 third quarter and future periods will be accounted for under the equity method of accounting. Prior period financial statements have not been restated.

The following proforma condensed financial statements are based on historical financial statements of the Company. The proforma condensed financial statements assume the Company was accounting for its investment in Universal on an equity basis as of the beginning of the periods indicated.

KIRBY CORPORATION AND CONSOLIDATED SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS

(2) COMPARABILITY OF FINANCIAL STATEMENTS, Continued

PROFORMA CONDENSED BALANCE SHEETS

	September 30, 1995	December 31, 1994
	-----	-----
	(\$ in thousands)	
ASSETS		
Current assets	\$105,296	101,876
Property and equipment, net	314,621	327,940
Investments in affiliates	52,061	41,825

Other assets	13,741	25,900
	-----	-----
	\$485,719	497,541
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities	\$ 70,671	73,155
Long-term debt, less current portion	158,933	148,535
Other long-term liabilities	47,951	50,450
	-----	-----
	277,555	272,140
Stockholders' equity	208,164	225,401
	-----	-----
	\$485,719	497,541
	=====	=====

PROFORMA CONDENSED STATEMENTS OF EARNINGS

	Nine months ended September 30,	
	1995	1994
	-----	-----
	(\$ in thousands)	
Revenues	\$293,987	259,819
Costs and expenses	283,143	242,729
	-----	-----
Operating income	10,844	17,090
Equity in earnings of insurance affiliate	5,181	4,378
Equity in earnings of marine affiliate	1,469	--
Interest expense	(9,208)	(6,121)
	-----	-----
Earnings before taxes in income	8,286	15,347
Provision for taxes on income	4,999	5,651
	-----	-----
Net earnings	\$ 3,287	9,696
	=====	=====

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KIRBY CORPORATION AND CONSOLIDATED SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS

(2) COMPARABILITY OF FINANCIAL STATEMENTS, Continued

Pursuant to a Shareholder Agreement entered into between Eastern America Group, Universal and the Company in September 1992, it is anticipated that Universal will continue redeeming its common stock from the Company over a nine to eleven year period. To the extent that the anticipated future redemptions by Universal of its common stock exceeds the Company's basis in such stock, the Company will record equity in earnings accordingly. It is anticipated that future earnings attributable to the Company's investment in Universal for the fourth quarter of 1995 will be minimal. In addition to the Company's common stock holding in Universal, the Company has an investment of \$11,534,000 of preferred stock, which accrues earnings based upon a pool of U.S. Treasury Securities. Such earnings attributable to the preferred stock will be recognized by the Company as accrued. As of September 30, 1995, the Company believes that future redemptions by Universal of its common stock will be sufficient to recover the Company's book basis in Universal.

(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.

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 certain affected assets upon adoption of SFAS 121 follows:

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KIRBY CORPORATION AND CONSOLIDATED SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS

(3) ADOPTION OF ACCOUNTING STANDARDS, Continued

	Before adoption of SFAS 121 -----	Adoption of SFAS 121 ----- (\$ in thousands)	After adoption of SFAS 121 -----
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
	=====	=====	=====

(4) TAXES ON INCOME

Earnings (loss) before taxes on income and details of the provision (benefit) for taxes on income for the three months and nine months ended September 30, 1995 and 1994 were as follows:

	Three months ended September 30,		Nine months ended September 30,	
	----- 1995 -----	----- 1994 -----	----- 1995 -----	----- 1994 -----
	(\$ in thousands)			
Earnings (loss) before taxes on income	\$ (7,398)	5,571	8,286	15,347
	=====	=====	=====	=====
Provision (benefit) for taxes on income:				
United States:				
Current	\$ 1,863	(1,747)	5,243	(1,298)
Deferred	(3,394)	3,616	(1,141)	4,951
State and municipal	229	96	395	248
	-----	-----	-----	-----
	(1,302)	1,965	4,497	3,901
	-----	-----	-----	-----

Puerto Rico - Current	502	--	502	1,750
	-----	-----	-----	-----
	\$ (800)	1,965	4,999	5,651
	=====	=====	=====	=====

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.

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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.

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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.

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 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.

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KIRBY CORPORATION AND CONSOLIDATED SUBSIDIARIES

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

RESULTS OF OPERATIONS, Continued

The Inland Refined Products Divisions' third quarter movements, with approximately 50% under contracts, 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.

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.

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KIRBY CORPORATION AND CONSOLIDATED SUBSIDIARIES

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

RESULTS OF OPERATIONS, Continued

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.

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.

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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, revenues from the West Coast market have declined as the Division has shifted its focus from the South Pacific fishing fleet to the North Pacific fishing fleet.

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.

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KIRBY CORPORATION AND CONSOLIDATED SUBSIDIARIES

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

RESULTS OF OPERATIONS, Continued

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 currently has a 47% common stock ownership of Universal, a full service property and casualty insurance company, which operates exclusively in the Commonwealth of Puerto Rico. 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, thereby reducing the Company's voting ownership from 58%, prior to such redemption and sale, to the current 47%. Such redemption and sale increased Eastern America Group's voting ownership from 42% to the present 53%.

Effective July 1, 1995, the Company is accounting for its investment in Universal under the equity in earnings method of accounting. Prior period financial statements have not been restated. For the 1995 first six months, results for Universal are consolidated with a minority interest expense recorded for Eastern America's interest. For the 1995 third quarter, the Company's investment in Universal is recorded on the equity in earnings method of accounting.

Comparability of net premiums earned, commissions earned on reinsurance, investment income, losses, claims and settlement expenses, policy acquisition costs, minority interest expense and, to a lesser extent, selling, general and administrative, taxes, other than on income and depreciation and amortization were affected by the change in the method of accounting for the Company's investment in Universal effective July 1, 1995. Universal has continued to expand its vehicle single-interest and double-interest lines of business primarily the result of strong automobile sales in Puerto Rico and from Universal's expanded market share.

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KIRBY CORPORATION AND CONSOLIDATED SUBSIDIARIES

Management's Discussion and Analysis of

Financial Condition and Results of Operations

RESULTS OF OPERATIONS, Continued

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 investment in Universal's nonvoting preferred stock (100%). Because the preferred stock controls 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.

The Company's portion of Universal's pretax earnings for the 1995 first nine months totaled \$5,180,000, of which pretax earnings of \$3,970,000 are consolidated through the 1995 first six months and \$1,120,000 are recorded as equity in earnings of insurance affiliate for the 1995 third quarter. For comparative purposes, the Company recorded pretax earnings from Universal of \$6,378,000 for the 1994 first nine months and \$1,290,000 for the 1994 third quarter.

Results for the property and casualty insurance segment for the 1994 first nine months included an additional reserve of \$2,000,000 for potential losses associated with the Mariners Reinsurance Company Limited, the Company's Bermuda reinsurance subsidiary which participated in the writing of property and casualty reinsurance from 1970 through 1990. Since ceasing participation in the reinsurance market in 1990, the Company has continued to seek a withdrawal from the business and closure of Mariner's activities, including commutation of Mariner's book of business. A commutation would entail the transfer of liability from known and incurred but not reported losses to a second party in exchange for a portion of, or all of, Mariner's assets. To date, Mariner has been successful in commuting approximately 80% of all claims. The remaining 20% of uncommuted claims are fully reserved and will be paid as they are presented. Management expects to liquidate Mariner in 1996.

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.

Total assets as of September 30, 1995 were \$485,719,000, a decrease of 27% when compared with total assets of \$667,472,000 as of December 31, 1994, primarily as a result of the change in accounting for Universal effective July 1, 1995. The insurance assets were eliminated in the change in accounting method while Investment in insurance affiliate of \$43,063,000, representing the Company's equity in Universal, was included as an asset as of September 30, 1995.

Total liabilities as of September 30, 1995 were \$277,555,000, a decrease of 38% when compared with total liabilities of \$444,496,000 as of December 31, 1994, primarily as a result of the change in accounting for Universal. The insurance liabilities were eliminated as the Company recorded its investment in Universal under the equity method effective July 1, 1995.

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.

As of September 30, 1995, 29% of the Company's long-term debt was priced at floating interest rates and 71% was on fixed rate debt.

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.

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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: December 27, 1995

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INDEX TO EXHIBITS

Exhibit No. -----	Description -----
11.0	Computation of Earnings per Common Share
27.0	Financial Data Schedule

<ARTICLE> 5

<LEGEND>

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.

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