

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 March 31, 1994
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
(State or other jurisdiction of incorporation or organization)

74-1884980
(IRS Employer Identification No.)

1775 St. James Place, Suite 300,
Houston, TX
(Address of principal executive offices)

77056-3453
(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 May 6, 1994 was 28,280,133.

PART 1 - FINANCIAL INFORMATION
KIRBY CORPORATION AND CONSOLIDATED SUBSIDIARIES
CONDENSED BALANCE SHEETS
(Unaudited)
ASSETS

| | March 31, 1994 | December 31, 1993 |
|---|-------------------|----------------------|
| | (\$ in thousands) | |
| Marine Transportation, Diesel Repair and Other | | |
| Current assets: | | |
| Cash and invested cash | \$ 6,982 | 1,999 |
| Accounts and notes receivable, net of allowance for doubtful accounts | 47,805 | 50,722 |
| Inventory - finished goods, at lower of average cost or market | 9,027 | 7,531 |
| Prepaid expenses | 6,559 | 7,393 |
| Deferred taxes | 2,532 | 2,768 |
| Total current assets | 72,905 | 70,413 |

| | | |
|--|-----------|---------|
| Property and equipment, at cost | 410,943 | 406,675 |
| Less allowance for depreciation | 131,921 | 125,459 |
| | ----- | ----- |
| | 279,022 | 281,216 |
| | ----- | ----- |
| Excess cost of consolidated subsidiaries | 8,123 | 7,429 |
| Noncompete agreements, net of accumulated amortization of \$7,630 (\$7,298 at December 31, 1993) | 5,084 | 5,752 |
| Sundry | 14,032 | 13,575 |
| | ----- | ----- |
| Total assets - Marine Transportation, Diesel Repair and Other | 379,166 | 378,385 |
| | ----- | ----- |
| Insurance | | |
| Investments: | | |
| Available-for-sale securities | 118,763 | 102,175 |
| Short-term investments | 18,434 | 25,128 |
| | ----- | ----- |
| | 137,197 | 127,303 |
| Cash and invested cash | -- | 12,937 |
| Accrued investment income | 3,295 | 1,998 |
| Accounts and notes receivable, net of allowance for doubtful accounts | 13,314 | 12,195 |
| Reinsurance receivable on paid losses | 14,856 | 15,186 |
| Prepaid reinsurance premiums | 5,540 | 5,773 |
| Deferred policy acquisition costs | 8,323 | 7,279 |
| Property and equipment, at cost, net of allowance for depreciation | 2,231 | 2,197 |
| | ----- | ----- |
| Total assets - Insurance | 184,756 | 184,868 |
| | ----- | ----- |
| | \$563,922 | 563,253 |
| | ----- | ----- |
| | ----- | ----- |

See accompanying notes to condensed financial statements.

KIRBY CORPORATION AND CONSOLIDATED SUBSIDIARIES
CONDENSED BALANCE SHEETS
(Unaudited)
LIABILITIES AND STOCKHOLDERS' EQUITY

| | March 31, 1994 | December 31, 1993 |
|---|-------------------|----------------------|
| | (\$ in thousands) | |
| Marine Transportation, Diesel Repair and Other | | |
| Current liabilities: | | |
| Current portion of long-term debt | \$ 10,962 | 10,962 |
| Accounts payable | 12,485 | 11,767 |
| Accrued liabilities | 33,805 | 27,898 |
| Deferred revenues | 5,370 | 5,637 |
| | ----- | ----- |
| Total current liabilities | 62,622 | 56,264 |
| | ----- | ----- |
| Long-term debt, less current portion | 96,654 | 109,597 |
| Deferred taxes | 40,623 | 39,735 |
| Other long-term liabilities | 9,651 | 8,913 |
| | ----- | ----- |
| Total liabilities - Marine Transportation, Diesel Repair and Other | 209,550 | 214,509 |
| | ----- | ----- |
| Insurance | | |
| Losses, claims and settlement expenses | 52,504 | 49,930 |
| Unearned premiums | 67,532 | 61,558 |
| Reinsurance premiums payable | 4,393 | 5,377 |
| Deferred Puerto Rico taxes | 2,125 | 3,549 |
| Other liabilities | 5,298 | 4,576 |
| Minority interest in consolidated insurance subsidiary | 11,114 | 12,005 |
| | ----- | ----- |
| Total liabilities - Insurance | 142,966 | 136,995 |
| | ----- | ----- |
| 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 30,759,000 shares | 3,076 | 3,076 |
| Additional paid-in capital | 156,391 | 156,340 |
| Unrealized net gains in value of long-term investments | 796 | 4,440 |
| Retained earnings | 64,236 | 61,339 |
| | ----- | ----- |
| | 224,499 | 225,195 |
| Less cost of 2,479,000 shares in treasury, 2,555,000 at December 31, 1993) | 13,093 | 13,446 |
| | ----- | ----- |
| | 211,406 | 211,749 |
| | ----- | ----- |
| | \$563,922 | 563,253 |
| | ----- | ----- |
| | ----- | ----- |

See accompanying notes to condensed financial statements.

KIRBY CORPORATION AND CONSOLIDATED SUBSIDIARIES
CONDENSED STATEMENTS OF EARNINGS
(Unaudited)

| | Three months ended March 31, | |
|--|---|--------|
| | 1994 | 1993 |
| | (\$ in thousands, except per share amounts) | |
| Revenues: | | |
| Transportation | \$ 73,387 | 52,773 |
| Diesel repair | 10,171 | 9,625 |
| Net premiums earned | 14,110 | 9,045 |
| Commissions earned on reinsurance | 1,307 | 706 |
| Investment income | 1,936 | 1,889 |
| Gain on disposition of assets | 161 | 235 |
| Realized gain on investments | 758 | 111 |
| | ----- | ----- |
| | 101,830 | 74,384 |
| | ----- | ----- |
| Costs and expenses: | | |
| Costs of sales and operating expenses (except as shown below) | 56,424 | 38,778 |
| Losses, claims and settlement expenses | 11,125 | 6,516 |
| Policy acquisition costs | 3,635 | 2,418 |
| Selling, general and administrative | 11,925 | 8,856 |
| Taxes, other than on income | 3,590 | 2,861 |
| Depreciation and amortization | 7,794 | 6,161 |
| Minority interest expense | 646 | 214 |
| | ----- | ----- |
| | 95,139 | 65,804 |
| | ----- | ----- |
| Operating income | 6,691 | 8,580 |
| Interest expense | 1,809 | 2,741 |
| | ----- | ----- |
| Earnings before taxes on income | 4,882 | 5,839 |
| Provision for taxes on income | 1,985 | 1,994 |
| | ----- | ----- |
| Net earnings | \$ 2,897 | 3,845 |
| | ----- | ----- |
| | ----- | ----- |
| Earnings per share of common stock: | | |
| Primary | \$.10 | .17 |
| | ----- | ----- |
| Fully diluted | \$.10 | .16 |
| | ----- | ----- |
| | ----- | ----- |

See accompanying notes to condensed financial statements.

KIRBY CORPORATION AND CONSOLIDATED SUBSIDIARIES
CONDENSED STATEMENTS OF CASH FLOW
(Unaudited)

| | Three months ended March 31, | |
|---|---------------------------------|----------|
| | 1994 | 1993 |
| | (\$ in thousands) | |
| Net cash provided before changes in assets | | |
| and liabilities | \$ 13,611 | 11,629 |
| Increase (decrease) in cash flows resulting from changes in assets and liabilities: | | |
| Marine Transportation, Diesel Repair and Other: | | |
| Accounts and notes receivable | 2,905 | (2,269) |
| Inventory | (1,496) | 951 |
| Prepaid expenses | 834 | (378) |
| Other assets | (1,638) | (994) |
| Accounts payable | 718 | (1,004) |
| Accrued and other liabilities | 6,607 | 5,731 |
| Insurance: | | |
| Receivables, accrued income and other assets | (2,416) | (1,024) |
| Reinsurance receivable on paid losses | 563 | 685 |
| Deferred policy acquisition costs | (1,044) | (212) |
| Losses, claims and settlement expenses | 574 | 278 |
| Unearned premiums | 5,974 | 1,511 |
| Reinsurance premiums payable | (984) | 6 |
| Other liabilities | 722 | (718) |
| | ----- | ----- |
| Net cash provided by operating activities | 24,930 | 14,192 |
| | ----- | ----- |
| Cash flow from investing activities: | | |
| Purchase of investments | (23,134) | (1,522) |
| Net decrease (increase) in short-term investments | 7,106 | (206) |
| Capital expenditures | (4,707) | (4,100) |
| Purchase of assets of marine transportation companies: | | |
| Property, equipment and other assets, net | -- | (24,239) |
| Proceeds from disposition of assets | 389 | 661 |
| Other | -- | 214 |
| | ----- | ----- |
| Net cash used by investing activities | (20,346) | (29,192) |
| | ----- | ----- |
| Cash flow from financing activities: | | |
| Borrowings on bank revolving credit loan | 10,700 | 26,300 |
| Payment on bank revolving credit loan | (21,900) | (8,600) |
| Payments under long-term debt | (1,743) | (1,743) |
| Proceeds from exercise of stock options | 405 | 15 |
| | ----- | ----- |
| Net cash provided (used) by financing activities | (12,538) | 15,972 |
| | ----- | ----- |
| Increase (decrease) in cash and invested cash | (7,954) | 972 |
| Cash and invested cash, beginning of year | 14,936 | 7,300 |
| | ----- | ----- |
| Cash and invested cash, end of period | \$ 6,982 | 8,272 |
| | ----- | ----- |
| Supplemented disclosures of cash flow information: | | |
| Cash paid during the period for: | | |
| Interest | \$ 913 | 952 |
| Income taxes | \$ 1,850 | -- |

See accompanying notes to condensed financial statements.

KIRBY CORPORATION AND CONSOLIDATED SUBSIDIARIES
NOTES TO CONDENSED FINANCIAL STATEMENTS

In the opinion of management, the accompanying unaudited condensed financial statements of Kirby Corporation and consolidated subsidiaries (the "Company") contain all adjustments (consisting of only normal recurring accruals) necessary to present fairly the financial position as of March 31, 1994 and December 31, 1993, and the results of operations for the three months ended March 31, 1994 and 1993.

(1) BASIS FOR PREPARATION OF THE CONDENSED FINANCIAL STATEMENTS

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

(2) TAXES ON INCOME

Earnings before taxes on income and details of the provision for taxes on income for United States and Puerto Rico operations for the three months ended March 31, 1994 and 1993 are as follows (in thousands):

| | Three months ended March 31, | |
|----------------------------------|---------------------------------|-------|
| | 1994 | 1993 |
| | (\$ in thousands) | |
| Earnings before taxes on income: | | |
| United States | \$ 2,832 | 4,973 |
| Puerto Rico | 2,050 | 866 |
| | ----- | ----- |
| | \$ 4,882 | 5,839 |
| | ----- | ----- |
| Provision for taxes on income: | | |
| United States: | | |
| Current | \$ 1,068 | 821 |
| Deferred | 536 | 1,173 |
| State and municipal | 79 | -- |
| | ----- | ----- |
| | \$ 1,683 | 1,994 |
| | ----- | ----- |
| Puerto Rico: | | |
| Deferred | \$ 302 | -- |
| | ----- | ----- |
| | ----- | ----- |

KIRBY CORPORATION AND CONSOLIDATED SUBSIDIARIES
NOTES TO CONDENSED FINANCIAL STATEMENTS

(3) INSURANCE DISCLOSURE

In March, 1994, the Company received \$7,000,000 from Universal Insurance Company ("Universal"), the Company's property and casualty insurance subsidiary, representing the redemption of 20,424 shares of Universal's Class B voting common stock and 24,360 shares of Universal's Class C non-voting common stock. The March redemption reduced the Company's ownership of Universal's voting common stock to 67% from 70%, prior to the redemption. Collectively to date, Universal has redeemed from the Company a total of 65,387 shares of voting Class B common stock and 24,360 shares of non-voting Class C common stock for a total redemption price of \$15,000,000. Under previously announced options and redemption rights included in the merger between Eastern America Insurance Company ("Eastern America") and Universal, Eastern America Financial Group, Inc. ("Eastern America Group"), which is the parent of the former Eastern America, could acquire 100% of Universal's stock over a period of up to 12 years. Eastern America Financial Group owns the remaining 33% of Universal's voting common stock.

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 for the first quarter of 1994 of \$2,897,000, or \$.10 per share, compared with net earnings for the first quarter of 1993 of \$3,845,000, or \$.17 per share. Revenues for the 1994 first quarter totaled \$101,830,000, reflecting a 37% increase when compared with revenues of \$74,384,000 reported for the first quarter of 1993.

The Company conducts operations in three business segments: marine transportation, diesel repair and property and casualty insurance. The sum of the three business segments pretax earnings exceeds the Company's consolidated pretax earnings due primarily to general corporate expenses. A discussion of each segment follows:

Marine Transportation

The Company's marine transportation revenues for the 1994 first quarter totaled \$73,387,000, reflecting a 39% increase when compared with \$52,773,000 reported for the 1993 first quarter. Revenues for the 1994 first quarter reflect the operations of three marine transportation companies acquired during the 1993 year, TPT Transportation on March 3, AFRAM Lines (USA) Co. Ltd. on May 14 and Chotin Transportation on December 21. All three of the acquisitions were accounted for under the purchase method of accounting. Collectively, the three acquisitions generated approximately \$19,600,000 of revenues during the 1994 first quarter. In addition, revenues for the 1994 first quarter reflect the existing equipment additions made during the 1993 year.

Transportation operations were curtailed to varying degrees by the adverse winter weather conditions which hampered the efficiencies of operations in inland as well as coastal movements. With more presence in the upper Mississippi River, Ohio River and northeast coastal waters, ice, subzero temperatures and winter storm winds slowed movements and curtailed efficiencies. Along the lower Mississippi River and Gulf Intracoastal Waterway fog and winter weather conditions, which are normal for the first quarter of any given year, delayed movements and negatively affected operating efficiencies.

As a provider of service for both the inland and offshore United States markets, the marine transportation segment operates through three divisions organized around the markets it serves: 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.

The Inland Chemical Division, which moves inland industrial chemicals, reflected improvements during the 1994 first quarter. During January and February of 1994, utilization was good, however, harsh winter weather conditions adversely affected the operations. During March, modest rate increases in the spot market were realized principally due to improved performance by the chemical manufacturers.

KIRBY CORPORATION AND CONSOLIDATED SUBSIDIARIES
Management's Discussion and Analysis of
Financial Condition and Results of Operations

Results of Operations, Continued

Liquid fertilizer and anhydrous ammonia movements during the 1994 first quarter remained strong when compared with the prior year first quarter. With the first quarter historically the low point in the fertilizer season, the demand for movements of nitrogen fertilizer into the midwest was brisk, primarily the result of increased acreage planting, which followed 1993's reduced yields and the low level of grain stocks.

Movements of inland refined products, handled by the segment's Inland Refined Products Division, continued strong during the 1994 first quarter, the result of continual demand for gasoline. Operating relatively close to full utilization during the entire first quarter, the Division continued to receive modest rate increases. The Division was also enhanced with the acquisition on December 21, 1993 of 53 inland tank barges and a transportation agreement which substantially increased the Company's presence in the contract and spot movements of refined petroleum products on the Mississippi River system.

The Offshore Division's vessels were substantially fully utilized during the 1994 first quarter. In the offshore liquid market, the Division's three tankers and one barge and tug unit, which were engaged in spot market trade, were working the Northeast delivering heating oil, the result of the harsh winter season. Profitability of such spot market movements were affected by the weather conditions, which hampered operating efficiencies. Rates remain very competitive and term charters are difficult to obtain due to excess equipment capacity in the market. The Offshore Division's dry bulk, container and palletized cargo vessels have remained utilized, however, rates in the transportation of U. S. government preference aid cargos and military cargos have declined during the 1994 first quarter, the result of more aggressive pricing due to excess capacity in the market. During the 1994 first quarter, the Company's break-bulk liner service experienced difficulties primarily from several voyages carrying U.S. preference aid cargos to politically unstable Haiti. Collectively, the reduction in rates and the voyages to Haiti reduced the Company's earnings before taxes by an estimated \$1,750,000.

The Offshore Division's foreign flag container service began operations in February, 1994. Following the Company's policy of recognizing such start-up costs in the period incurred resulted in an operating loss of \$550,000 during the 1994 first quarter. The operation provides a direct water transportation service from mid-America (Memphis) to Mexico and Central America.

Costs and expenses, excluding interest expense, for the marine transportation segment for the 1994 first quarter increased to \$66,912,000, an increase of 48% over the comparable 1993 first quarter costs and expenses of \$45,281,000. A major portion of the increase reflects the costs and expenses, including depreciation, associated with the acquisitions and mergers consummated during the 1993 year. The 1994 first quarter costs and expenses includes \$1,100,000 relating to the formation of a captive insurance subsidiary engaged in the insuring of risks for the marine transportation and diesel repair subsidiaries. The initial expense of the captive subsidiary required the recording of the \$1,100,000 of anticipated losses for the Company's applicable subsidiaries. Additionally, the increase reflects 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 marine transportation earnings before taxes on income for the 1994 first quarter totaled \$5,100,000, a decrease of 18% over the \$6,193,000 reported for the comparable 1993 quarter.

Diesel Repair

The Company's diesel repair segment reported diesel repair and parts sales revenues of \$10,171,000 for the 1994 first quarter, an increase of 6% compared with \$9,625,000 reported for the first quarter of 1993.

The diesel repair segment is divided into two divisions organized around the markets they serve. The Marine Diesel Repair Division operates nationwide 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 to shortline railroads and industrial companies that operate diesel-electric locomotives.

The Marine Diesel Repair Division continued to operate in a competitive business climate which has negatively affected operating margins. The winter weather slowed operations at the Illinois and Virginia facilities, as customers, hampered by the harsh weather, either curtailed or postponed repairs and overhauls. On a positive note, commercial fishing customers have resumed fishing vessel maintenance which was deferred during 1993 due to low tuna prices.

The Rail Diesel Repair Division commenced operations in January, 1994. The initial response has been positive, with revenues of \$1,650,000 generated during the 1994 first quarter, with substantially all of the revenues generated from direct parts sales. The division serves as the exclusive shortline and industrial rail distributor of aftermarket parts and service for the Electro-Motive Division of General Motors ("EMD"), the world's largest manufacturer of diesel-electric locomotives.

Costs and expenses, excluding interest expense, for the diesel repair segment totaled \$9,637,000 compared with \$8,964,000 reported for the first quarter of 1993. The increase of 8% reflected the costs and expenses of the Rail Diesel Repair Division during the 1994 first quarter, as well as the competitive conditions in the Marine Diesel Repair Division and its negative effect on the division's profit margin.

Earnings before taxes on income for the diesel repair segment for the 1994 first quarter totaled \$464,000, a 25% reduction when compared with \$616,000 for the 1993 first quarter. The 1994 first quarter results include a minimal pretax loss of \$54,000 from the Rail Diesel Repair Division, operating in the start-up phase of their business during the quarter.

KIRBY CORPORATION AND CONSOLIDATED SUBSIDIARIES
Management's Discussion and Analysis of
Financial Condition and Results of Operations

Results of Operations, Continued

Property and Casualty Insurance

The Company's property and casualty insurance segment reported net premiums written of \$26,117,000 for the 1994 first quarter, an increase of 90% over the \$13,757,000 reported for the first quarter of 1993. With emphasis on the vehicle single-interest line of business, the segment has been successful in generating single-interest business from new financial institution customers, portfolio transfers and improved automobile sales within Puerto Rico.

Net premiums earned for the first quarter of 1994 totaled \$14,110,000 compared with \$9,046,000 for the 1993 first quarter, reflecting the significant increase in the single-interest line of business during 1993 and the first three months of 1994. Net premiums earned continued to be negatively affected by the high reinsurance costs for the commercial multiple-peril line associated with the ceding of a portion of the gross premiums under the segment's reinsurance program. Some stabilization in such rates has occurred during the 1994 first quarter, however, the reinsurance rates remain high.

Losses, claims and settlement expenses for the 1994 first quarter totaled \$11,625,000 compared with \$6,516,000 for the 1993 first quarter. The 78% increase reflected the significant increase in business volume, particularly from the single-interest line, and the recording of \$2,000,000 of additional reserves for potential losses associated with the Company's Bermuda reinsurance subsidiary. Since ceasing participation in the reinsurance market in 1990, the Company continues to take steps to expedite its withdrawal from the business and recognized the additional reserve for potential, but as yet, unreported losses.

Policy acquisition costs for the 1994 first quarter were \$3,635,000, a 50% increase when compared with \$2,418,000 for the 1993 first quarter. Such increase is reflective of the improvement in the overall business, with particular emphasis in commercial property line which carries higher commission rates.

The Company's portion of the property and casualty insurance segment's pretax earnings for the 1994 first quarter totaled \$50,000 compared with \$861,000 for the like 1993 period. Although the Company's Puerto Rican property and casualty insurance subsidiary pays no current U.S. federal income taxes on its earnings, such earnings are considered taxable for financial reporting purposes; therefore, the earnings from the property and casualty insurance subsidiary, net of minority interest, are included in the Company's federal income tax calculations.

KIRBY CORPORATION AND CONSOLIDATED SUBSIDIARIES
Management's Discussion and Analysis of
Financial Condition and Results of Operations

Financial Condition, Capital Resources and Liquidity

Redemption

In March, 1994, the Company received \$7,000,000 from Universal, the Company's property and casualty insurance subsidiary, representing the redemption of 20,424 shares of Universal's Class B voting common stock and 24,360 shares of Universal's Class C non-voting common stock. The March, 1994 redemption reduced the Company's ownership of Universal's voting common stock to 67% from 70%, prior to the redemption. Collectively to date, Universal has redeemed from the Company a total of 65,387 shares of voting Class B common stock and 24,360 shares of non-voting Class C common stock for a total redemption price of \$15,000,000. Under previously announced options and redemption rights included in the merger between Eastern America and Universal, Eastern America Group which is the parent of the former Eastern America, could acquire 100% of Universal's stock over a period of up to twelve years. Eastern America Group owns the remaining 33% of Universal's voting common stock.

Business Development

As an expansion of the diesel repair segment, beginning in January, 1994, the Company is engaged through Rail Systems, Inc. ("Rail Systems") in the overhaul and repair of locomotive diesel engines and sale of replacement parts for locomotives. Rail Systems serves shortline and industrial railroads within the continental United States. In October, 1993, EMD, the world's largest manufacturer of diesel-electric locomotives, awarded an exclusive shortline and industrial rail distributorship to Rail Systems to provide replacement parts, service and support to these important and expanding markets.

In March, 1994, the Company through its subsidiary, Americas Marine Express, Inc., began all-water marine transportation services between Memphis, Tennessee and Mexico, Guatemala, Honduras and El Salvador. The new transportation service utilizes a chartered foreign flag river/ocean vessel which offers direct sailing between the locations. The new service provides exporters and importers in the north, central and mid-south states with a direct shipping alternative between the locations on a fourteen day round trip basis. The direct all-water liner service accepts 20 foot and 40 foot containers, including refrigerated and tank containers, as well as other cargo on a space available basis.

KIRBY CORPORATION AND CONSOLIDATED SUBSIDIARIES
Management's Discussion and Analysis of
Financial Condition and Results of Operations

Financial Condition, Capital Resources and Liquidity, Continued

Liquidity

The Company continued to generate significant cash flow from its operating segments to fund its capital expenditures, asset acquisitions, debt service and other operating requirements. Net cash from operating activities before changes in assets and liabilities totaled \$13,611,000 for the 1994 first quarter, reflecting a 17% increase when compared with \$11,629,000 reported for the like 1993 period.

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 segment's short-term, or spot business, is based principally on current prices. In addition, the marine 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. For the property and casualty insurance segment, 97% of its investments were classified as available-for-sale or short-term investments, which consist primarily of United States Governmental instruments.

Universal is subject to dividend restrictions under the stockholders' agreement between the Company, Universal and Eastern America Group. In addition, Universal is subject to industry guidelines and regulations with respect to the payment of dividends.

The Company has no present plan to pay dividends on common stock in the near future.

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, 1993.

Item 4. Results of Votes of Security Holders

(a) The Registrant held its Annual Meeting of Stockholders on April 19, 1994.

(b) Proxies for the meeting were solicited pursuant to Regulation 14; there was no solicitation in opposition to management's nominees for directors as listed in the Proxy Statement, and all such nominees were re-elected.

Directors elected were George F. Clements, Jr., J. Peter Kleifgen, William M. Lamont, Jr., C. W. Murchison, III, George A. Peterkin, Jr., J. H. Pyne, Robert G. Stone, Jr. and J. Virgil Waggoner. No other directors previously in office continued as a director or continued in office after the meeting.

(c) Briefly described below are other matters approved by the stockholders at the Annual Meeting and the number of affirmative, negative and abstained votes with respect to the matters:

Proposal to approve the 1994 Employee Stock Option Plan.

| | |
|---------|------------|
| For | 21,490,000 |
| Against | 1,669,000 |
| Abstain | 91,000 |

Proposal to approve the 1994 Nonemployee Director Stock Option Plan.

| | |
|---------|------------|
| For | 22,486,000 |
| Against | 591,000 |
| Abstain | 173,000 |

Proposal to approve the 1993 Stock Option Plan for Robert G. Stone, Jr.

| | |
|---------|------------|
| For | 22,362,000 |
| Against | 677,000 |
| Abstain | 211,000 |

KIRBY CORPORATION AND CONSOLIDATED SUBSIDIARIES
PART II - OTHER INFORMATION

Item 4 Results of Votes of Security Holders, Continued

Proposal to amend the 1989 Director Stock Option Plan reducing the number of stock options automatically granted to future Directors from 10,000 shares to 5,000 shares of Common Stock.

| | |
|---------|------------|
| For | 23,148,000 |
| Against | 22,000 |
| Abstain | 80,000 |

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits:

11.0 Computation of Earnings per Common Share.

(b) Reports on Form 8-K:

There were no reports on Form 8-K filed for the three months ended March 31, 1994.

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: G. Stephen Holcomb

G. Stephen Holcomb
Vice President and Controller

Dated: May 9, 1994

EXHIBIT 11.0

KIRBY CORPORATION AND CONSOLIDATED SUBSIDIARIES
COMPUTATION OF EARNINGS PER COMMON SHARE

| | Three months ended March 31, | |
|---|--|--------|
| | 1994 | 1993 |
| | (\$ in thousands, except per share amount) | |
| Primary: | | |
| Net earnings | \$ 2,897 | 3,845 |
| | ----- | ----- |
| Fully Diluted: | | |
| Net earnings | \$ 2,897 | 3,845 |
| Elimination of interest expense applicable to \$50 million of 7 1/4% convertible subordinated debentures, net of tax | -- | 598 |
| | ----- | ----- |
| Net earnings | \$ 2,897 | 4,443 |
| | ----- | ----- |
| Primary shares: | | |
| Weighted average number of common shares outstanding | 28,382 | 22,801 |
| Common equivalent shares for dilutive effect of assumed exercise of stock options | 315 | 251 |
| | ----- | ----- |
| | 28,697 | 23,052 |
| | ----- | ----- |
| Fully diluted shares: | | |
| Weighted average number of common shares outstanding | 28,382 | 22,801 |
| Common equivalent shares for dilutive effect of assumed exercise of stock options | 305 | 257 |
| Shares applicable to \$50 million of 7-1/4% convertible subordinated debentures, converted at \$11.125 | -- | 4,494 |
| | ----- | ----- |
| | 28,687 | 27,552 |
| | ----- | ----- |
| Earnings per share of common stock: | | |
| Primary | \$.10 | .17 |
| Fully diluted | \$.10 | .16 |