Kirby Corporation

2011 Annual Report

KIRBY CORPORATION

Marine Transportation Group

The nation's largest tank barge operator transporting bulk liquid products throughout the Mississippi River System, on the Gulf Intracoastal Waterway, along all three United States coasts, and in Alaska and Hawaii

Diesel Engine Services Group

Nationwide diesel engine services provider offering after-market service for medium-speed and high-speed diesel engines and reduction gears used in marine and power generation applications

Distributes and services diesel engines, transmissions, pumps and compression products, and manufactures and remanufactures oilfield service equipment, including hydraulic fracturing equipment, for land-based pressure pumping and oilfield service markets

2011 Acquisitions

In February acquired a 51% interest in a barge shifting and fleeting facility on the Houston Ship Channel for $4 million

In February acquired 21 tank barges and 15 towboats and tugboats primarily engaged in ship bunkering in Florida for $53 million

In April acquired United Holdings, a distributor and service provider of engine and transmission related products for the land-based oil and gas services, power generation and on-highway transportation industries, and manufacturer of oilfield service equipment, for $271 million, plus a three-year earnout provision for up to an additional $50 million payable in 2014, dependent on achieving certain financial targets

In July acquired K-Sea Transportation, an operator of tank barges and tugboats participating in the coastal transportation of primarily refined petroleum products along all three United States coasts and in Alaska and Hawaii, for $603 million

In December acquired three 80,000 barrel coastal tank barges and three tugboats for $43 million

Cover: A Kirby Inland Marine linehaul tow transporting petrochemicals, processed chemicals and agricultural chemicals on the Mississippi River near Baton Rouge, Louisiana.

Right: A Kirby Inland Marine canal tow travels the Houston Ship Channel. In the background is the San Jacinto Monument, the site where Texas won its independence from Mexico in 1836.

2011 QUARTERLY REVIEW

(In thousands, except per share amounts) (Unaudited)

First Quarter

	2011	2010	Change
Revenues	$ 299,359	$ 268,253	12%
Net earnings*	$ 32,430	$ 24,674	31%
Earnings per share*	$ .60	$ .46	30%
EBITDA	$ 80,417	$ 66,158	22%

- Marine transportation petrochemical volumes improved, as low-priced natural gas positively impacted the global competitiveness of the U.S. petrochemical industry
- Petrochemical and black oil fleet utilization in the low 90% levels
- Higher rates on term contract renewals and spot contract pricing
- Marine transportation results reflect the February acquisition of a ship bunkering fleet in Florida and barge fleeting facility in Houston
- Diesel engine services benefited from a strong power generation market, partially offset by the continued weak Gulf Coast oil services market

Second Quarter

	2011	2010	Change
Revenues	$ 437,331	$ 273,669	60%
Net earnings*	$ 41,692	$ 29,268	42%
Earnings per share*	$ .77	$ .54	43%
EBITDA	$ 99,233	$ 73,141	36%

- Marine transportation demand strong with petrochemical and black oil fleet utilization in the 90% to 95% range
- Higher rates on term contract renewals and spot contract pricing
- Mississippi River System's record high water and flooding issues negatively impacted results
- Diesel engine services results reflect the April 15 acquisition of United Holdings, which benefited from high demand for land-based oilfield equipment and service

Third Quarter

	2011	2010	Change
Revenues	$ 563,582	$ 281,317	100%
Net earnings*	$ 52,734	$ 30,687	72%
Earnings per share*	$ .94	$ .57	65%
EBITDA	$ 128,269	$ 76,783	67%

- Marine transportation results reflect the July 1 acquisition of K-Sea Transportation
- Marine transportation inland demand remained strong with petrochemical and black oil fleet utilization in the 90% to 95% range
- Higher rates on inland term contract renewals and spot contract pricing
- Diesel engine services continued to benefit from high demand for land-based oilfield equipment, and stronger service and parts sales in the marine, land-based and power generation markets

Fourth Quarter

	2011	2010	Change
Revenues	$ 550,145	$ 286,318	92%
Net earnings*	$ 56,170	$ 31,620	78%
Earnings per share*	$ 1.00	$ .59	69%
EBITDA	$ 128,293	$ 78,681	63%

- Marine transportation inland demand remained strong with petrochemical and black oil fleet utilization in the 90% to 95% range
- Higher rates on inland term contract renewals and spot contract pricing
- Diesel engine services continued to benefit from high demand for land-based oilfield equipment, and stronger service and parts sales in the marine and land-based markets

* Net earnings represent net earnings attributable to Kirby and earnings per share represents diluted earnings per share attributable to Kirby common stockholders.

Statements made in this Annual Report with respect to the future are forward-looking statements. These statements reflect Management's reasonable judgment with respect to future events. Forward-looking statements involve risks and uncertainties. Actual results could differ materially from those anticipated as a result of various factors. Forward-looking statements are based on currently available information and Kirby assumes no obligation to update any such statements. A list of these factors can be found in Kirby's Annual Report on Form 10-K for the year ended December 31, 2011, included in this Annual Report and filed with the Securities and Exchange Commission.

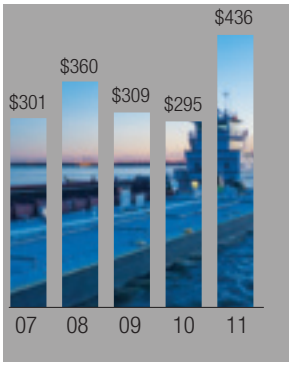
FINANCIAL HIGHLIGHTS

(In thousands, except per share amounts)	For the years ended December 31, 2011	2010	2009	2008	2007
Revenues:					
Marine transportation	**$ 1,194,607**	$ 915,046	$ 881,298	$ 1,095,475	$ 928,834
Diesel engine services	**655,810**	194,511	200,860	264,679	243,791
	$ 1,850,417	$ 1,109,557	$ 1,082,158	$ 1,360,154	$ 1,172,625
Net earnings attributable to Kirby	**$ 183,026**	$ 116,249	$ 125,941	$ 157,168	$ 123,341
Net earnings per share attributable to Kirby common stockholders (diluted)	**$ 3.33**	$ 2.15	$ 2.34	$ 2.91	$ 2.29
EBITDA–Earnings before interest, taxes, depreciation and amortization:*					
Net earnings attributable to Kirby	**$ 183,026**	$ 116,249	$ 125,941	$ 157,168	$ 123,341
Interest expense	**17,902**	10,960	11,080	14,064	20,284
Provision for taxes on income	**109,255**	72,258	78,020	97,444	76,491
Depreciation and amortization	**126,029**	95,296	93,968	91,199	80,916
EBITDA*	**$ 436,212**	$ 294,763	$ 309,009	$ 359,875	$ 301,032
Property and equipment, net	**$ 1,822,173**	$ 1,118,161	$ 1,085,057	$ 990,932	$ 906,098
Total assets	**$ 2,960,411**	$ 1,794,937	$ 1,635,963	$ 1,526,098	$ 1,430,475
Long-term debt, including current portion	**$ 802,005**	$ 200,134	$ 200,239	$ 247,307	$ 297,383
Total equity	**$ 1,454,158**	$ 1,159,139	$ 1,056,095	$ 893,555	$ 772,807

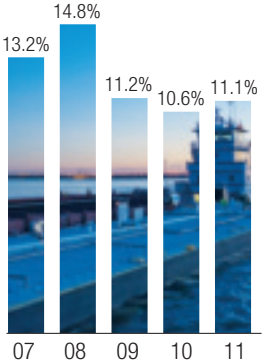
Revenues
(In millions)

Earnings Per Share

EBITDA*
(In millions)



Return on Invested Capital**



* EBITDA, defined as net earnings attributable to Kirby before interest expense, taxes on income, depreciation and amortization, is a non-GAAP financial measure used by Kirby because of its wide acceptance as a measure of operating profitability before nonoperating expenses (interest and taxes) and noncash charges (depreciation and amortization).

** Return on invested capital is defined as net earnings attributable to Kirby plus interest expense (net of taxes) divided by total average invested capital (average equity plus average debt). For 2010, adjusted to reflect average debt levels net of cash and cash equivalents.

TO OUR SHAREHOLDERS

We believe investing our capital wisely is our most important job. We take this job seriously and with a discipline of deploying capital in a thoughtful manner with the objective of achieving acceptable cash returns through the business cycle. During 2011, price expectations from sellers aligned more closely with our valuation. This allowed us to capitalize on several strategic opportunities.

During 2011, we deployed a significant amount of capital. We put the Company's balance sheet to work, completing five acquisitions totaling $975 million, and invested $226 million back into our businesses, primarily in our inland marine fleet. As you know, the timing of acquisitions is hard to predict. Our disciplined approach toward acquisitions requires patience. We work hard everyday to prevent operating mistakes, but they can happen, and when they do they are generally resolved in short order. However, capital deployment mistakes, when made, will impact the Company for years.

During the first quarter, we purchased a 51% interest in a fleeting operation in the Houston Ship Channel and a ship bunkering (fueling) operation based in Florida. The fleeting operation added to our already substantial presence in the Houston market and immediately added to our service capabilities. Likewise, the bunkering operation integrated nicely with our inland tank barge fleet and made Kirby one of the largest bunkering operators in the United States. We deployed approximately $57 million in capital for these acquisitions. Both of these acquisitions were immediately accretive to earnings and are completely integrated into our inland operations.

In the second quarter, we completed the acquisition of United Holdings for $271 million with a potential for an additional $50 million earnout if certain financial targets are achieved. As many of you know, we have a very strong marine diesel engine services franchise and also provide generation set upgrades and service to the power generation and nuclear markets. Missing in our diesel engine service portfolio was a strong land-based diesel engine services offering. With the United acquisition, we were able to fill that void in our portfolio.

United is a manufacturer and service provider of oilfield service equipment, including diesel engine-based hydraulic fracturing equipment, compression equipment, and power train equipment. United is also a large land-based service and distribution provider for MTU and Allison Transmission. The combination of United and our existing diesel engine services franchise makes us one of the largest diesel engine service providers in the United States.

The boom in the United States of hydraulic fracturing of shale formations has increased the installed base of diesel engine-based fracturing horsepower from approximately seven million horsepower in 2008 to an estimated 14 million horsepower at the end of 2011. United has participated in the manufacture of a portion of this capacity, but what really excites us is the service opportunity this installed base will offer in the future. Fracturing-based diesel engines operate in very difficult environments with demanding operating requirements. We believe the service requirement for this equipment is roughly twice what it is for a similar diesel engine in a marine propulsion environment. By leveraging our diesel service capabilities and knowledge to service the installed base of fracturing engines and transmissions, we should be able to provide more stable and less volatile revenues and earnings. United was very accretive to our earnings during 2011. Our focus for 2012 is on building our fracturing and land-based engine and transmission service business.

During the third quarter of 2011, we purchased K-Sea Transportation Partners L.P. for $603 million. The purchase of K-Sea extended our inland marine transportation service to our petrochemical and integrated oil company customers who require coastal transportation service. Integrating Kirby's inland and coastal services will allow our customers a single point of contact for their domestic marine transportation needs.

The acquisition of K-Sea also provided an important growth platform for Kirby. Similar to the inland tank barge market, the coastal tank barge market is very fragmented, with over 16 competitors. We fully expect to play a consolidating role in the coastal market as we have done in the inland tank barge market, where we have made 27 acquisitions. In the fourth quarter, we began this process with the purchase of Seaboat's fleet of three 80,000 barrel coastal tank barges and three tugboats for $43 million. Today, our coastal fleet is 59 tank barges and 65 tugboats. In 80,000 tank is is t

the five acquisitions. However, a very strong inland tank barge market certainly contributed to our record performance.

Our core inland tank barge business operating performance was robust in spite of a significant midyear disruption on the Mississippi River System due to flooding caused by very heavy rains. Our crews handled the disruption exceedingly well and minimized the impact to our customers and the industry. Low prices for natural gas, a basic chemical feedstock, allowed our petrochemical customers to be globally competitive. Petrochemical production volumes increased, which led to increased inland marine transportation demand. Likewise, crude oil volumes from Canada and from liquids-rich shale formations in South Texas increased throughout 2011, driving higher demand for black oil transportation. The increased volumes and higher demand levels led to higher tank barge utilization levels and higher pricing. This in turn led to record results for our inland marine transportation business.

The environment was not as healthy for the coastal marine transportation sector. The coastal tank barge market is suffering from lower refined products demand, mostly due to a weak United States economic environment, and from an oversupply of coastal tank barges. The coastal tank barge industry overbuilt in front of the 2014 OPA 90 required phaseout of single hull barges and, unlike the inland sector, has been slow to remove the single hull capacity. The good news is that with approximately 8% of the coastal tank barges single hull, we know this capacity will exit this market over the next two to three years and, coupled with an improvement in the economy, should drive our coastal results higher. As we wait for this to play out, we will focus our attention on integration, as mentioned above, and also cost cutting.

Our Marine Transportation Group sales were $1.2 billion in 2011, up 31% from 2010 levels. Operating income was $262 million in 2011, up 36% from $193 million in 2010. We also recorded a higher operating margin, 21.9% in 2011 compared with 21.1% in 2010, primarily due to higher inland barge utilization and pricing, partially offset by a lower operating margin in our coastal tank barge market.

For our diesel engine services business, 2011 was mixed. United's results were robust, with the strength of the hydraulic fracturing demand driving sales. United's performance was exceptional as the team ramped up production and throughput during a time when supply chains were stretched. United's financial results far exceed our expectations. On the other hand, Kirby Engine Systems was impacted by the reduced activity in the Gulf of Mexico and pricing pressure.

The Diesel Engine Services Group sales were $656 million in 2011, up over 237% from 2010 levels, with the increase primarily driven by the acquisition of United as legacy Kirby Engine Systems sales were up only 3%. Operating income was $68 million in 2011, up 231% from $21 million in 2010. The operating margin for 2011 was essentially equal with that of last year.

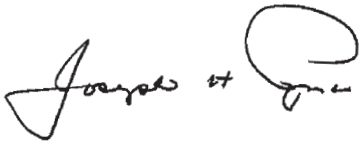
Joe Pyne
Chairman and Chief Executive Officer

In summary, it was a great year for Kirby. The performance of our operating segments was strong. We completed five major acquisitions, which positioned our Company well for the next decade. The acquisitions provide Kirby with a strong platform for growth and an opportunity to leverage our core operating strengths.

I truly believe that our marine transportation and diesel engine services employees are the best in their respective businesses. I want to thank each of you for your outstanding accomplishments in making 2011 a record-setting year. I also want to thank our Board of Directors. Their steadfast commitment, individual expertise, direction and support have contributed significantly to the growth of Kirby.

On a final note, I am pleased to welcome a new director to our Board of Directors. Richard "Dick" Alario, Chairman, Chief Executive Officer and President of Key Energy Services, Inc., joined the Board in May 2011. Dick brings a wealth of experience from the energy markets to our Company. We look forward to leveraging Dick's knowledge as we continue to grow the Company and create shareholder value.

Respectfully submitted,



Joseph H. Pyne
Chairman and Chief Executive Officer

Houston, Texas

March 9, 2012

MARINE TRANSPORTATION GROUP

Kirby Inland Marine is the nation's largest inland tank barge operator, transporting bulk liquid products throughout the Mississippi River System and on the Gulf Intracoastal Waterway

K-Sea Transportation is the nation's largest coastal tank barge operator in the 185,000 barrel or less category, transporting bulk liquid products along the East, West and Gulf Coasts, as well as in Alaska and Hawaii

Transports petrochemicals, black oil products, refined petroleum products and agricultural chemicals for a blue chip list of customers, as essentially a customer's "One-Stop Shop"

All marine transportation vessels, except four, operate under the United States flag and are qualified for domestic trade under the Jones Act

Extensive Company-owned and operated training facility, including a full bridge wheelhouse simulator, working towboat and tank barge simulator

Strong emphasis on safety with a motto of "Safety Is Our Franchise to Operate"

Revenues

(In millions)

Operating Income

(In millions)

Operating Margin

A Kirby Inland Marine tow on the Neches River passes under the Rainbow Bridge in Port Arthur, Texas. Texas and Louisiana account for 80% of the total United States production of chemicals and petrochemicals. The picture was taken by James Bates, a Pilot for Kirby Inland Marine.

Results of Operations for 2011

- Operating income of $262 million on revenue of $1.19 billion compared with operating income of $193 million on revenue of $915 million for 2010.
- Operating margin of 21.9% compared with 21.1% for 2010.
- For 2011, the coastal tank barge operation acquired on July 1 contributed approximately 10% of the marine transportation revenue, and its positive operating income was offset by onetime transaction fees, higher interest expense and higher share count, all associated with the acquisition.
- Low prices for natural gas, a basic feedstock for the United States petrochemical industry, provided the industry with a competitive advantage over foreign petrochemical producers.
- Higher revenue reflected an improvement in inland tank barge demand and equipment utilization due to strong production volumes from United States petrochemical customers, for both domestic and foreign destinations, and from black oil products customers due to steady refinery production levels, the continued exportation of heavy fuel oil, new demand for the transportation of crude oil from shale formations in South Texas and an increase in Canadian crude oil movements from the Midwest to the Gulf Coast.
- Strong inland petrochemical and black oil products fleet utilization levels in the low to mid 90% range led to higher term contract and spot contract pricing throughout 2011.
- The coastal fleet's utilization level, primarily from the transportation of refined petroleum products, averaged in the 70% to 80% range, with term contract renewals stable and spot contract pricing improving modestly.

KIRBY INLAND MARINE

Services Offered

- Leading inland transporter of bulk liquid products by tank barge throughout the Mississippi River System, Gulf Intracoastal Waterway and Houston Ship Channel.
- Transports petrochemicals, black oil products, refined petroleum products and agricultural chemicals for the nation's largest petrochemical and refining companies.

Strengths

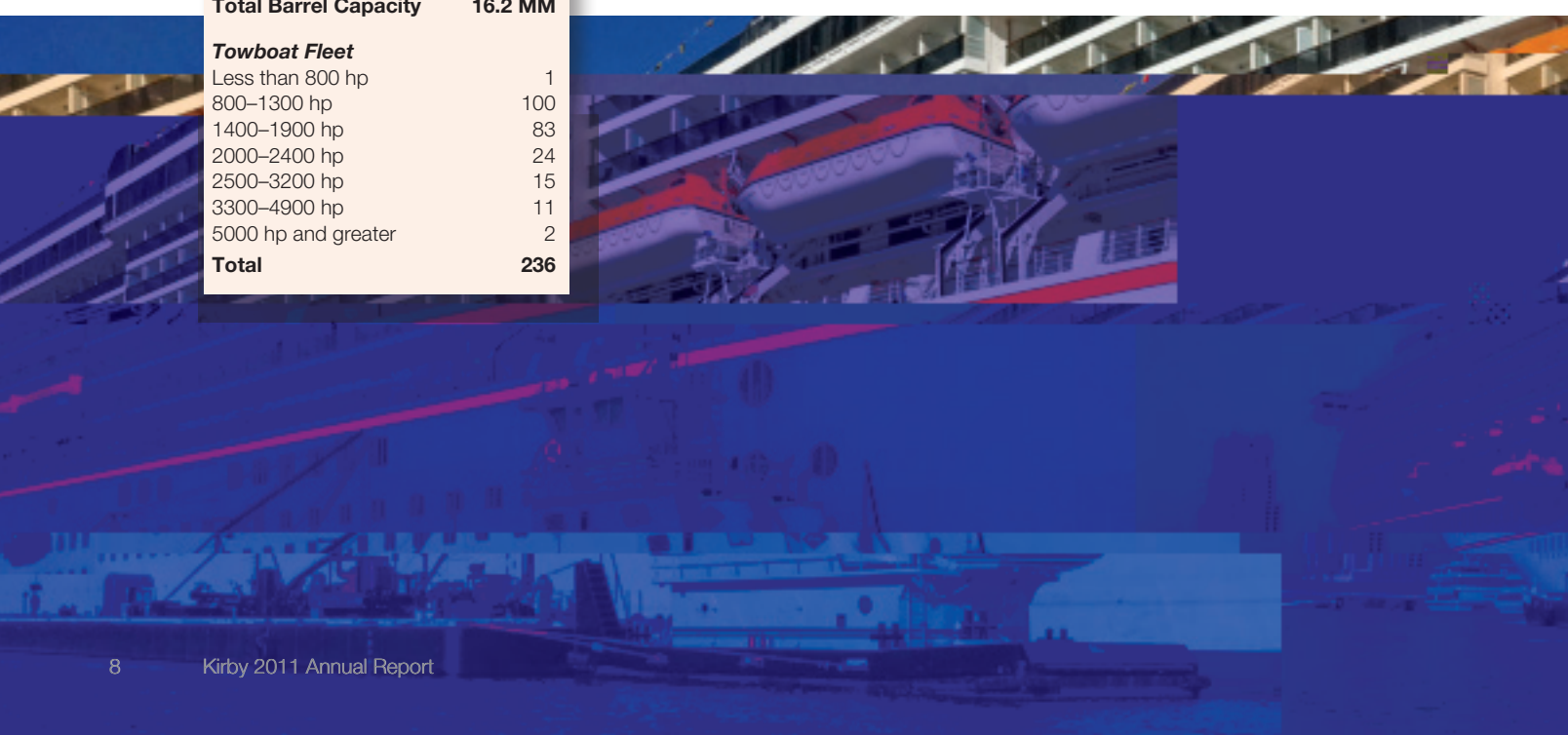
- Inland fleet consists of 819 tank barges and 236 towboats, comprising 16.2 million barrels of cargo capacity, representing approximately 26% of the United States inland tank barge fleet.
- Offers safe, dependable, cost-effective and environmentally sound transportation of bulk liquid products throughout the nation's inland waterway system.
- Fleet size, distribution system and communication system allow for economies of scale through the ability to match tank barges, towboats, products and destinations more efficiently.
- Towboats are operated by highly trained crews, supported by experienced shoreside staff and state-of-the-art communication and training systems and facilities.
- Approximately 75% of business is under term contracts and 25% is under spot contracts.

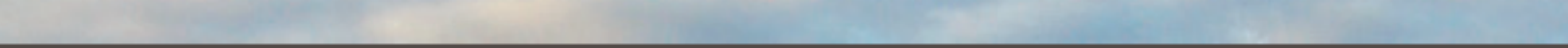
Markets

- **Petrochemicals:** Products transported include benzene, styrene, methanol, acrylonitrile, xylene, caustic soda, butadiene and propylene. Drivers are the manufacture of consumer nondurable goods (70%) and consumer durable goods (30%).
- **Black Oil Products:** Products transported include residual fuel oil, coker feedstock, vacuum gas oil, asphalt, carbon black feedstock, crude oil and ship bunkers. Drivers are fuel for power plants and ships, feedstock for refineries, certain durable goods and road construction.
- **Refined Petroleum Products:** Products transported include gasoline, No. 2 oil, jet fuel, heating oil, diesel fuel, naphtha and ethanol. Drivers are vehicle usage, air travel, weather conditions and refinery utilization.
- **Agricultural Chemicals:** Products transported include anhydrous ammonia, nitrogen-based liquid fertilizer and industrial ammonia. Drivers are the agricultural economy and chemical feedstock usage.

Tank Barge Fleet	
Petrochemical/Refined products	618
Pressure	63
Black oil products	123
Anhydrous ammonia	10
Specialty	5
Total	**819**
Total Barrel Capacity	**16.2 MM**

Towboat Fleet	
Less than 800 hp	1
800–1300 hp	100
1400–1900 hp	83
2000–2400 hp	24
2500–3200 hp	15
3300–4900 hp	11
5000 hp and greater	2
Total	**236**





Kirby Inland Marine tank barges and towboats at Kirby's 231 fleet on the Mississippi River at Baton Rouge, Louisiana. Kirby Inland Marine operates the largest commercial tank barge fleeting service in ports in Houston, Corpus Christi and Freeport, Texas, and Baton Rouge and New Orleans, Louisiana. The picture was taken by James Bates, a Pilot for Kirby Inland Marine.

Left: The *M/V Bill*, a Kirby Inland Marine towboat, and a black oil tank barge deliver ship bunkers (engine fuel) to a cruise ship in Tampa, Florida. Kirby Inland Marine provides ship bunkers to cruise ships, container ships and freighters in the Miami, Port Everglades, Cape Canaveral and Tampa, Florida areas, as well as Mobile, Alabama and Houston, Texas. The picture was taken by Rip Claunch, the Captain of the *M/V Bill*.

Services Offered

- Largest coastal transporter of bulk liquid products by tank barge in the 185,000 barrel or less category, operating in each coastal region of the United States.
- Transports primarily refined petroleum products and black oil products for refining companies.

Strengths

- Coastal fleet consists of 59 tank barges (56 of which are double hull), comprising 3.8 million barrels of cargo capacity, and 65 tugboats, representing approximately 22% of the United States coastal tank barges in the 185,000 barrel or less category.
- Average age of the 56 double hull tank barges is approximately 10 years, one of the youngest fleets in the coastal market.
- Wide geographic presence with operations on the East, West and Gulf Coasts, as well as in Alaska, Hawaii and the Great Lakes.
- Single-source provider to large refining companies that require broad geographic

The *M/V Irish Sea*, a K-Sea 5750 horsepower tugboat, and the *DBL 103*, a 102,000 barrel capacity coastal tank barge built in 2006, operate in New York Harbor. K-Sea transports primarily refined petroleum products and black oil products, providing coastal transportation services for refineries, storage terminals and power plants.

Left: The *M/V Bismarck Sea*, a K-Sea 6000 horsepower tugboat, and the *DBL 106*, a 102,000 barrel capacity coastal tank barge built in 2009, operate off of the coast of Alaska. K-Sea operates on the East, West and Gulf Coasts, as well as in Alaska and Hawaii.

DIESEL ENGINE SERVICES GROUP

Kirby Engine Systems is the nation's leading remanufacturer, and replacement parts and service provider for medium-speed and high-speed diesel engines used in marine and power generation applications

United Holdings is a major participant in the manufacture and remanufacture of oilfield service equipment, a manufacturer of compression equipment, a service and replacement parts provider, and a new engine and transmission distributor in the key oil and gas basins and transportation corridors of the United States

Manufacturing relationships with EMD, Caterpillar, Cummins, MTU, Detroit Diesel, John Deere, Allison Transmission, Daimler Trucks NA, Isuzu and others

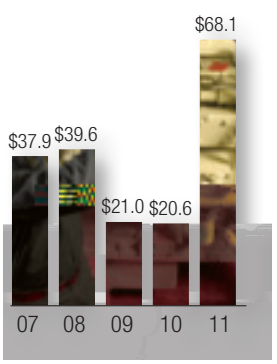
Employs over 600 factory-trained and authorized project engineers, mechanics, machinists and manufacturing technicians

Provides in-house, nationwide and worldwide field service

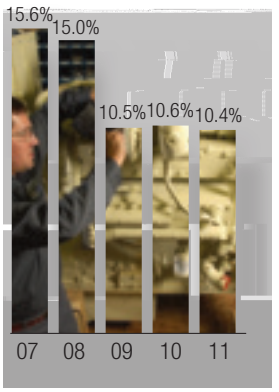
Offers customers a single source for the manufacture and remanufacture of oilfield service equipment and compression systems, and the distribution and service of engines, transmissions, gears and related Original Equipment Manufacturer (OEM) replacement parts

Revenues
(In millions)

Operating Income
(In millions)



Operating Margin



Ryan Stephens, a United Holdings mechanic, rebuilds an Allison transmission for an oil service customer. At its Oklahoma City facility, United Holdings provides in-house service mechanics to rebuild component parts or entire diesel engines and transmissions. United Holdings is the largest distributor of Allison transmissions in North America.

Results of Operations for 2011

- Operating income of $68 million on revenue of $656 million compared with operating income of $21 million on revenue of $195 million.
- Operating margin of 10.4% compared with 10.6% for 2010.
- For 2011, United, acquired on April 15th, contributed approximately 70% of diesel engine services revenues.
- Significantly higher revenue and operating income were attributable to United and its strong land-based market for the manufacture and service of oilfield equipment, including hydraulic fracturing equipment used in recovering oil and gas reserves from United States land-based shale formations. In addition, United benefited from the sale and service of engines and transmissions, and related parts sales, for the oilfield service and transportation markets, and the manufacture of compression systems for the natural gas transmission market and electric generating plants.
- Kirby Engine Systems benefited from stronger service work and direct parts sales for its medium-speed and high-speed marine market, a reflection of the improved inland marine transportation market, as well as a continued strong medium-speed power generation market, a reflection of engine-generator set upgrade projects and higher parts and engine sales.
- Kirby Engine Systems' medium-speed and high-speed Gulf Coast oil services market generally remained weak as customers continued to defer major maintenance projects.

KIRBY ENGINE SYSTEMS

Services Offered

- Leading United States marine and power generation service remanufacturer and replacement parts provider for medium-speed and high-speed diesel engines, as well as an ancillary products provider for reduction gears, transmissions, starters, governors and marine clutches.
- Sells OEM replacement parts, provides service mechanics to overhaul and repair engines and ancillary products, sells new engines, and maintains facilities to rebuild component parts or entire engines and ancillary products.
- Provides an essential service to support the day-to-day operations of its marine and power generation customers.

Strengths

- Largest service area of any United States marine and power generation diesel engine services provider with 12 strategically located service and parts facilities.
- Distributorships, dealerships and contract service center relationships with major manufacturers of diesel engines, reduction gears, transmissions and other ancillary products.

Markets

- **Marine:** Market includes engines and ancillary products on inland and offshore towing vessels, harbor docking tugs, offshore oilfield service vessels, commercial fishing fleets, dredging vessels, Great Lakes ore carriers, United States Government vessels,and offshore oil and gas drilling rigs. Drivers are the activity levels of the inland and offshore barge operators, offshore oil services companies and offshore commercial fishing companies.
- **Power Generation:** Market includes engines used in standby, peak and base load power generation and generator set upgrades. Drivers are the domestic utilities and the worldwide nuclear power industry.

SERVICE LOCATIONS

Medium-Speed Diesel Engines
Houma, LA
Chesapeake, VA
Paducah, KY
Rocky Mount, NC
Seattle, WA
Tampa, FL

High-Speed Diesel Engines
Houma, LA
Baton Rouge, LA
Belle Chasse, LA
Houston, TX
Mobile, AL
New Iberia, LA

MANUFACTURER RELATIONSHIPS

Medium-Speed Diesel Engines
Electro-Motive Diesel, Inc. (EMD)
Cooper-Bessemer
Nordberg

High-Speed Diesel Engines
Caterpillar
Cummins
Detroit Diesel
John Deere
MTU

Ancillary Products
Allison Transmission (transmissions)
Falk Corporation (reduction gears)
Ingersoll-Rand (starters)
Woodward Governor (governors)
Oil States Industries (marine clutches)

Troy Ordoyne rebuilds a 1000 horsepower EMD marine propulsion engine. Kirby Engine Systems provides service through the employment of factory-trained and authorized project engineers, mechanics and machinists.

Left: Steve Adams rebuilds a 1000 horsepower Detroit Diesel marine propulsion engine. Kirby Engine Systems provides both in-house and in-field service and offers its customers a single source for all their engine, gear and transmission service and parts requirements.

UNITED HOLDINGS

Services Offered

- Manufactures and remanufactures customized oilfield service equipment, including hydraulic fracturing equipment, pressure pumpers, cementers, blenders, mud pumpers, nitrogen pumpers, hydration units and customized compression systems.
- Sells OEM replacement parts, provides service mechanics to overhaul and repair diesel engines and transmissions, sells new engines and transmissions, and operates facilities to rebuild component parts or entire engines and transmissions.
- Provides essential equipment and service for its land-based oil and gas services, natural gas transmission and transportation customers.

Strengths

- Shale oil and gas is an energy "game changer." Discoveries based on hydraulic fracturing technology have significantly expanded and reduced the cost of producing natural gas and oil reserves.
- With an estimated 14 million horsepower of hydraulic fracturing equipment operating in North America, up from seven million horsepower in 2008, the focus will be on the remanufacture of existing equipment as well as the manufacture of new equipment.
- Long-standing customer and manufacturing relationships with 20 strategic locations across seven states.

Markets

- **Manufacturing:** Market includes manufacture and remanufacture of pressure pumping equipment for oil and gas exploration and production companies, oil-field service companies and independent drillers. Drivers are the installed base of hydraulic fracturing equipment and the expanding exploration of North America shale formations. Market also includes the manufacture of customized compression systems for the production, storage and pipeline transportation of natural gas.
- **Distribution and Service:** Market includes distribution and service facilities centered in the key oil and gas basins and transportation corridors of the United States. Drivers are the engines and transmissions used in the expanding exploration of United States shale formations, and transportation, municipalities, construction and power generation industries.

LOCATIONS

Manufacturing
Oklahoma City, OK (5 locations)
Commerce City, CO (2 locations)

Distribution and Service
Oklahoma City, OK
Tulsa, OK
Shreveport, LA
Little Rock, AR
Van Buren, AR
Billings, MT
Amarillo, TX
Austin, TX
Houston, TX
Laredo, TX
Lubbock, TX
Pharr, TX
San Antonio, TX
Casper, WY

MANUFACTURER RELATIONSHIPS

MTU
Allison Transmission
Daimler Trucks NA
Detroit Diesel
Isuzu
Heil
Tymco
Cameron
Dresser-Rand
Waukesha
FS-Elliott
Gardner Denver
GM Powertrain
Thermo King

United Holdings technicians finalize a substantially complete hydraulic fracturing unit for Performance Technologies. Current designs are available up to 2500 horsepower and can be modified to meet customer preferences for engines, transmissions and pump manufacturers. Control systems include analog, digital and remote controls.

Left: United Holdings manufactures custom designed fracturing/stimulation equipment at its Oklahoma City facility. Jimmy Morgan, a United technician, begins the manufacturing process of a custom designed hydraulic fracturing unit. In addition to hydraulic fracturing equipment, United manufactures pressure pumping units, nitrogen pumpers, cementers, hydration equipment, mud pumps and blenders.

BOARD OF DIRECTORS

Richard J. Alario [2]
Chairman, President and CEO of
Key Energy Services, Inc.
Director since 2011

C. Sean Day [3, 4]
Chairman of Teekay Corporation
Director since 1996

Bob G. Gower [1, 2, 3]
Retired Chairman of Lyondell
Petrochemical Company
Director since 1998

William M. Lamont, Jr. [1, 3, 4]
Private Investor
Director since 1979

C. Berdon Lawrence [1]
Chairman Emeritus of Kirby
Director since 1999

David L. Lemmon [2]
Retired President and CEO of
Colonial Pipeline Company
Director since 2006

Monte J. Miller [3, 4]
Retired Executive Vice President,
Chemicals, of Flint Hills Resources, LP
Director since 2006

George A. Peterkin, Jr. [1]
Chairman Emeritus of Kirby
Director since 1973

Joseph H. Pyne [1]
Chairman of the Board and
Chief Executive Officer of Kirby
Director since 1988

Richard R. Stewart [2]
Retired President and CEO of
GE Aero Energy
Director since 2008

[1] Executive Committee
[2] Audit Committee
[3] Compensation Committee
[4] Governance Committee

OFFICERS

Kirby Corporation

Joseph H. Pyne
Chairman of the Board and
Chief Executive Officer

Gregory R. Binion
President and Chief
Operating Officer

David W. Grzebinski
Executive Vice President and
Chief Financial Officer

David D. Whisenhunt
Executive Vice President—
Engine Services

Ronald A. Dragg
Vice President and Controller

G. Stephen Holcomb
Vice President—Investor Relations

Amy D. Husted
Vice President—Legal

David R. Mosley
Vice President and
Chief Information Officer

Joseph H. Reniers
Vice President—Human Resources

Renato A. Castro
Treasurer

Thomas G. Adler
Secretary

Marine Transportation Group

Kirby Inland Marine, LP

William G. Ivey
President

Mel R. Jodeit
Executive Vice President—
Marketing

James C. Guidry
Senior Vice President—Vessel
Operations

John E. Russell
Senior Vice President—Sales

William M. Withers
Senior Vice President—Sales

Stephen C. Butts
Vice President—Sales

Robert D. Goolsby
Vice President—Facility Operations

Patrick C. Kelly
Vice President—Kirby Logistics
Management

Richard C. Northcutt
Vice President—Traffic

Christian G. O'Neil
Vice President—Sales

Lester A. Parker
Vice President—River Vessel
Operations

C. Linn Peterson
Vice President—Florida Bunkering
Operations

John W. Sansing, Jr.
Vice President—Maintenance

Cliff R. Stanich
Vice President—Sales

Thomas H. Whitehead
Vice President—Sales

Carl R. Whitlatch
Vice President and Controller

K-Sea Transportation Partners LLC

James F. Farley
President

Thomas M. Sullivan
Chief Operating Officer and
President—Atlantic Region

Gordon Smith
President—Pacific Region

Richard P. Falcinelli
Executive Vice President

Gregory J. Haslinsky
Senior Vice President, Business
Development and Marketing

Kirby Ocean Transport Company

Joseph H. Pyne
President

William M. Withers
Vice President

Osprey Line, L.L.C.

John T. Hallmark
President

Charles J. Duet
Vice President

Diesel Engine Services Group

Kirby Engine Systems, Inc.

Dorman Lynn Strahan
President

Mia C. Cradeur
Vice President and Controller

David H. Farrar
Vice President—Procurement
and Distribution

John A. Manno
Vice President—Business
Development

Engine Systems, Inc.

John A. Manno
Vice President

P. Scott Mangan
Vice President—East Coast

Marine Systems, Inc.

Lynn A. Ahlemeyer
Vice President—Gulf Coast
and West Coast

Thomas W. Bottoms
Vice President—Midwest

Troy A. Bourgeois
Vice President—Sales

United Holdings LLC

Bill F. Moore, Jr.
President

David W. Grage
Chief Financial Officer

Kirk K. Waite
Chief Accounting Officer

United Engines

Garth C. Bates
President

UE Manufacturing

Christopher J. Rinehart
President

Ronnie E. Stover
Vice President

UE Compression

John W. Vevurka
President

Thermo King of Houston

J. Kirk Robison
President

SHAREHOLDER INFORMATION

Annual Meeting

The 2012 Annual Meeting of Stockholders will be held at Kirby's Houston office, 55 Waugh Drive, 9th Floor, Houston, Texas 77007, at 10:00 a.m. (CDT), Tuesday, April 24, 2012.

Corporate Headquarters

Executive Office:
55 Waugh Drive, Suite 1000
Houston, Texas 77007
Telephone: (713) 435-1000
Fax: (713) 435-1010
Web site: www.kirbycorp.com

Mailing Address:
P.O. Box 1745
Houston, Texas 77251-1745

Inquiries Regarding Stock Holdings

Registered shareholders (shares held in owner's name) should address communications concerning address changes, lost certificates and stock transfers to:

Computershare Trust Company, N.A.
P.O. Box 43078
Providence, Rhode Island 02940-3078
Telephone: (781) 575-2897
Web site: http://computershare.com

Beneficial shareholders (shares held in the name of banks or brokers) should address communications to their banks or stockbrokers.

All other inquiries should be addressed to G. Stephen Holcomb, Vice President–Investor Relations, at Kirby's corporate headquarters.

Web Site

For more investor information, as well as information about Kirby, visit Kirby's web site at www.kirbycorp.com.

Independent Registered Accountants

KPMG LLP
BG Group Place
811 Main Street, Suite 4500
Houston, Texas 77002

Common Stock Information

Stock trading symbol—KEX
The New York Stock Exchange is the principal market for Kirby's common stock. As of March 1, 2012, there were 55,847,000 common shares outstanding held by approximately 850 registered shareholders. The number of registered shareholders does not reflect the number of beneficial owners of common stock.

Common Stock Market Price

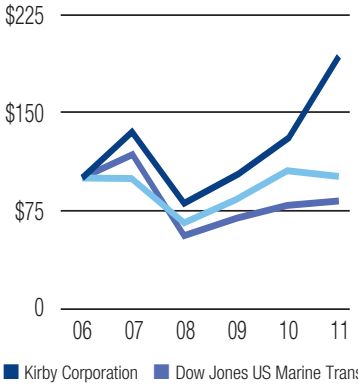
	Sales Price	
	High	Low
2012		
First Quarter (through March 9, 2012)	$70.22	$61.20
2011		
First Quarter	$60.00	$43.29
Second Quarter	$58.25	$50.97
Third Quarter	$60.00	$47.23
Fourth Quarter	$66.36	$49.00
2010		
First Quarter	$38.77	$30.83
Second Quarter	$43.96	$36.60
Third Quarter	$43.33	$35.78
Fourth Quarter	$45.78	$39.25

Financial and Investor Relations

Copies of Kirby's Form 10-K (which is incorporated in this Annual Report) are available free of charge. Either contact G. Stephen Holcomb, Vice President–Investor Relations, at Kirby's corporate headquarters, e-mail Steve.Holcomb@kirbycorp.com, or visit Kirby's web site at www.kirbycorp.com.

Comparison of 5 Year Cumulative Total Return

Return on $100 invested on December 31, 2006, in stock or index, including reinvestment of dividends.
Fiscal year ended December 31.



	12/06	12/07	12/08	12/09	12/10	12/11
Kirby Corporation	100.00	136.19	80.16	102.05	129.07	192.91
Dow Jones US Marine Transportation	100.00	117.54	55.35	68.71	78.55	81.94
Russell 2000	100.00	98.43	65.18	82.89	105.14	100.75

Kirby Corporation

Corporate Headquarters: 55 Waugh Drive, Suite 1000, Houston, Texas 77007

Mailing Address: P. O. Box 1745, Houston, Texas 77251-1745

(713) 435-1000 Fax: (713) 435-1010

Web site: www.kirbycorp.com