UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

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

For the quarter ended September 30, 1999

[ ] 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 200, Houston, TX	77056-3453
(Address of principal executive offices)	(Zip Code)

(713) 435-1000

(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 [X] No [ ]

The number of shares outstanding of the registrant's Common Stock, $.10 par value per share, on November 12, 1999 was 24,543,345.

PART I - FINANCIAL INFORMATION

KIRBY CORPORATION AND CONSOLIDATED SUBSIDIARIES

CONDENSED BALANCE SHEETS
(Unaudited)

ASSETS

	September 30, 1999	December 31, 1998
	($ in thousands)	
Current assets:		
Cash and cash equivalents	$ 8,238	$ 861
Available-for-sale securities	13,753	20,795
Accounts receivable:		
Trade - less allowance for doubtful accounts	45,837	53,586
Insurance claims and other	5,328	16,919
Inventory - finished goods	13,098	14,181
Prepaid expenses	5,657	4,829
Deferred income taxes	1,473	1,187
Total current assets	93,384	112,358

Property and equipment, at cost	476,041	466,443
Less accumulated depreciation	228,118	209,544
	247,923	256,899
Investments in marine affiliates	13,046	12,795
Goodwill - less accumulated amortization	4,985	5,368
Sundry	2,059	2,879
	$361,397	$390,299

See accompanying notes to condensed financial statements.

KIRBY CORPORATION AND CONSOLIDATED SUBSIDIARIES

CONDENSED BALANCE SHEETS
(Unaudited)

LIABILITIES AND STOCKHOLDERS' EQUITY

	September 30, 1999	December 31, 1998
	($ in thousands)	
Current liabilities:		
Current portion of long-term debt	$ 5,333	$ 5,333
Income taxes payable	1,853	504
Accounts payable	14,007	12,918
Accrued liabilities	36,501	43,305
Deferred revenues	3,777	3,880
Total current liabilities	61,471	65,940
Long-term debt - less current portion	106,302	137,552
Deferred income taxes	40,990	40,045
Other long-term liabilities	6,344	5,722
	153,636	183,319
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 30,907,000 shares.	3,091	3,091
Additional paid-in capital	158,802	159,122
Accumulated other comprehensive income	(264)	338
Retained earnings	164,521	147,054
	326,150	309,605
Less cost of 10,786,000 shares in treasury (10,137,000 at December 31, 1998)	179,860	168,565
	146,290	141,040
	$361,397	$390,299

See accompanying notes to condensed financial statements.

KIRBY CORPORATION AND CONSOLIDATED SUBSIDIARIES

CONDENSED STATEMENTS OF EARNINGS
(Unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	1999	1998	1999	1998
	($ in thousands, except per share amounts)			
Revenues:				
Marine transportation	$63,571	$ 62,700	$184,972	$184,955
Diesel engine services	16,933	19,627	58,068	63,951
Investment income and other	494	564	840	1,373
Gain (loss) on disposition of assets	(27)	(138)	8	106
	80,971	82,753	243,888	250,385
Costs and expenses:				
Costs of sales and operating expenses	51,275	53,055	158,370	161,730
Selling, general and administrative	8,724	10,039	26,624	29,345
Taxes, other than on income	1,818	1,938	5,507	5,897
Depreciation and amortization	6,778	6,800	20,287	20,459
Impairment of long-lived assets	--	8,333	--	8,333
	68,595	80,165	210,788	225,764
Operating income	12,376	2,588	33,100	24,621
Equity in earnings of marine affiliates	917	1,034	2,407	2,899
Equity in earnings of insurance affiliate	--	418	--	1,325
Loss on sale of insurance affiliate	--	(10,536)	--	(10,536)
Interest expense	(2,289)	(3,236)	(7,403)	(9,235)
Earnings (loss) before taxes on income	11,004	(9,732)	28,104	9,074
(Provision) benefit for taxes on income	(4,140)	3,161	(10,637)	(3,930)
Net earnings (loss)	$ 6,864	$ (6,571)	$ 17,467	$ 5,144
Net earnings (loss) per share of common stock:				
Basic	$ .34	$ (.31)	$ .87	$ .23
Diluted	$ .34	$ (.31)	$ .86	$ .23

See accompanying notes to condensed financial statements.

KIRBY CORPORATION AND CONSOLIDATED SUBSIDIARIES

CONDENSED STATEMENTS OF CASH FLOWS
(Unaudited)

	Nine months ended September 30,	
	1999	1998
	($ in thousands)	
Cash flows from operating activities:		
Net earnings	$ 17,467	$ 5,144
Adjustments to reconcile net earnings to net cash provided by operations:		
Depreciation and amortization	20,287	20,459
Provision (credit) for deferred income taxes	983	(3,987)
Gain on disposition of assets	(8)	(106)
Deferred scheduled maintenance costs	(496)	(340)
Equity in earnings of marine affiliates, net of distributions and contributions	(250)	643
Equity in earnings of insurance affiliate	--	(1,325)
Loss on sale of insurance affiliate	--	10,536
Impairment of long-lived assets	--	8,333
Other	(70)	68
Increase in cash flows resulting from changes in operating working capital	16,636	980
Net cash provided by operating activities of continuing operations	54,549	40,405
Net cash used in operating activities of discontinued operations	--	(494)
Net cash provided by operating activities	54,549	39,911

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KIRBY CORPORATION AND CONSOLIDATED SUBSIDIARIES

CONDENSED STATEMENTS OF CASH FLOWS, Continued
(Unaudited)

	Nine months ended September 30, 1999	1998
	($ in thousands)	
Cash flows from investing activities:		
Proceeds from sale and maturities of investments	$ 6,116	$ 1,200
Purchase of investments	--	(18)
Capital expenditures	(11,062)	(24,043)
Proceeds from disposition of assets	639	2,200
Proceeds from disposition of business	--	39,989
Investing activities of discontinued operations	--	(275)
Net cash provided by (used in) investing activities	(4,307)	19,053
Cash flows from financing activities:		
Borrowings (payments) on bank revolving credit agreements, net	(26,000)	29,400
Payments on long-term debt	(5,250)	(5,250)
Purchase of treasury stock	(11,838)	(87,254)
Proceeds from exercise of stock options	223	2,809
Net cash used in financing activities	(42,865)	(60,295)
Increase (decrease) in cash and cash equivalents	7,377	(1,331)
Cash and cash equivalents, beginning of year	861	2,043
Cash and cash equivalents, end of period	$ 8,238	$ 712
Supplemental disclosures of cash flow information:		
Cash paid during the period:		
Interest	$ 5,114	$ 6,905
Income taxes	$ 6,217	$ 5,534

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 September 30, 1999 and December 31, 1998, and the results of operations for the three months and nine months ended September 30, 1999 and 1998.

(1) BASIS FOR PREPARATION OF 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) ACQUISITION

On October 12, 1999, the Company completed the acquisition of Hollywood Marine, Inc. ("Hollywood"), by means of a merger of Hollywood into Kirby Inland Marine, Inc., a wholly owned subsidiary of the Company. Pursuant to the Agreement and Plan of Merger, the Company acquired Hollywood for an aggregate consideration of $322,200,000, consisting of $89,600,000 in common stock (4,384,000 shares at $20.44 per share), $128,700,000 in cash, and the assumption of $103,900,000 of Hollywood's existing debt and certain other liabilities. The aggregate purchase price is subject to post-closing adjustments. Hollywood was owned by C. Berdon Lawrence and certain trusts for members of his family. Hollywood's operations will be included as part of the Company's operations effective October 12, in accordance with the purchase method of accounting. The Company is currently in the process of preparing the purchase price allocation. Goodwill will be amortized over 30 years.

Financing for the cash portion of the transaction and the repayment of Hollywood's existing debt was through the Company's existing $100,000,000 undrawn bank revolving credit agreement with Chase Bank of Texas, N.A. as agent bank and through a new $200,000,000 credit facility with Bank of America, N.A. as syndication agent bank; Chase Bank of Texas, N.A. as administrative agent; and Bank One, Texas, N.A. as documentation agent.

Hollywood, located in Houston, Texas, was engaged in the inland tank barge transportation of chemicals and petrochemicals, refined petroleum products, black oil and pressurized products primarily along the Gulf Intracoastal Waterway, the Houston Ship Channel and the lower Mississippi River. Hollywood operated a fleet of 256 inland tank barges, with 4.6 million barrels of capacity, and 104 inland towboats. The Company has continued to use the assets of Hollywood in the same business that Hollywood conducted prior to the merger.

(2) ACQUISITION - (Continued)

The following unaudited pro forma combined financial information for the nine months ended September 30, 1999 and 1998 is based on historical financial information of the Company and Hollywood. The financial information assumes the merger was completed as of the beginning of the periods indicated. The unaudited pro forma financial information is not necessarily indicative of the results of operations that would have occurred had the merger been consummated at the beginning of the periods indicated, nor is the information necessarily indicative of the future results of operations (in thousands, except per share amounts):

	Nine months ended September 30, 1999	Nine months ended September 30, 1998
Revenues	$369,035	$376,175
Earnings before taxes on income	$ 31,784	$ 11,734
Net earnings per share of common stock - diluted	$ .75	$ .21

(3) ADOPTION OF ACCOUNTING STANDARDS

Statement of Financial Accounting Standards ("SFAS") No. 133, "Accounting for Derivative Instruments and Hedging Activities," ("SFAS No. 133") issued in June 1998, establishes accounting and reporting standards for derivative instruments and hedging activities. This statement requires that an entity recognize all derivatives as either assets or liabilities in the statement of financial position and measure those instruments at fair value. Based on the May 1999 announcement by the Financial Accounting Standards Board to delay the implementation date by one year, SFAS No. 133 is now effective for all quarters of fiscal years beginning after June 15, 2000. SFAS No. 133 is effective for the Company's year ending December 31, 2001 and is not expected to have a material effect on the Company's financial position or results of operations.

KIRBY CORPORATION AND CONSOLIDATED SUBSIDIARIES

NOTES TO CONDENSED FINANCIAL STATEMENTS - (Continued)

(4) COMPREHENSIVE INCOME

The Company's total comprehensive income for the three months and nine months ended September 30, 1999 and 1998 were as follows (in thousands):

	Three months ended September 30,		Nine months ended September 30,	
	1999	1998	1999	1998
Net earnings (loss)	$6,864	$(6,571)	$17,467	$5,144
Other comprehensive income (loss), net of tax	(23)	(255)	(602)	1
Total comprehensive income (loss)	$6,841	$(6,826)	$16,865	$5,145

KIRBY CORPORATION AND CONSOLIDATED SUBSIDIARIES

NOTES TO CONDENSED FINANCIAL STATEMENTS - (Continued)

(5) SEGMENT INFORMATION

The following table sets forth the Company's summarized financial information by reportable segment for the three months and nine months ended September 30, 1999 and 1998 (in thousands):

	Three months ended September 30, 1999	Three months ended September 30, 1998	Nine months ended September 30, 1999	Nine months ended September 30, 1998
Revenues:				
Marine transportation	$63,571	$ 62,700	$184,972	$184,955
Diesel engine services	16,933	19,627	58,068	63,951
Other	467	426	848	1,479
	$80,971	$ 82,753	$243,888	$250,385
Segment profit (loss):				
Marine transportation	$11,329	$ 10,210	$ 29,647	$ 29,029
Diesel engine services	1,518	1,999	5,799	6,527
Other	(1,843)	(21,941)	(7,342)	(26,482)
	$11,004	$ (9,732)	$ 28,104	$ 9,074

	September 30, 1999	December 31, 1998
Total assets:		
Marine transportation	$281,368	$301,020
Diesel engine services	33,507	38,588
Other	46,522	50,691
	$361,397	$390,299

KIRBY CORPORATION AND CONSOLIDATED SUBSIDIARIES

NOTES TO CONDENSED FINANCIAL STATEMENTS - (Continued)

(5) SEGMENT INFORMATION - (Continued)

The following table presents the details of "Other" segment profit (loss) for the three months and nine months ended September 30, 1999 and 1998 (in thousands):

	Three months ended September 30,		Nine months ended September 30,	
	1999	1998	1999	1998
General corporate expenses	$ (938)	$ (1,714)	$(3,194)	$ (4,081)
Interest expense	(2,289)	(3,236)	(7,403)	(9,235)
Equity in earnings of affiliates	917	1,452	2,407	4,224
Gain (loss) on sale of assets	(27)	(138)	8	106
Impairment of long-lived assets	--	(8,333)	--	(8,333)
Loss on sale of insurance affiliate	--	(10,536)	--	(10,536)
Other	494	564	840	1,373
	$(1,843)	$(21,941)	$(7,342)	$(26,482)

The following table presents the details of "Other" total assets as of September 30, 1999 and December 31, 1998 (in thousands):

	September 30, 1999	December 31, 1998
General corporate assets	$33,476	$37,896
Investments in marine affiliates	13,046	12,795
	$46,522	$50,691

KIRBY CORPORATION AND CONSOLIDATED SUBSIDIARIES

NOTES TO CONDENSED FINANCIAL STATEMENTS - (Continued)

(6) TAXES ON INCOME

Earnings before taxes on income and details of the provision for taxes on income for the three months and nine months ended September 30, 1999 and 1998 were as follows (in thousands):

	Three months ended September 30,		Nine months ended September 30,	
	1999	1998	1999	1998
Earnings (loss) before taxes on income:				
United States	$11,004	$(10,150)	$28,104	$ 7,749
Puerto Rico	--	418	--	1,325
	$11,004	$ (9,732)	$28,104	$ 9,074
Provision (benefit) for taxes on income:				
United States:				
Current	$ 4,130	$ 4,604	$ 8,877	$ 7,229
Deferred	(266)	(7,974)	983	(3,987)
State and local	276	209	777	688
	4,140	(3,161)	10,637	3,930
Puerto Rico - current	--	--	--	--
	$ 4,140	$ (3,161)	$10,637	$ 3,930

KIRBY CORPORATION AND CONSOLIDATED SUBSIDIARIES

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

Statements contained in this Form 10-Q that are not historical facts, including, but not limited to, any projections contained herein, are forward-looking statements and involve a number of risks and uncertainties. Such statements can be identified by the use of forward-looking terminology such as "may," "will," "expect," "anticipate," "estimate," or "continue" or the negative thereof or other variations thereon or comparable terminology. The actual results of the future events described in such forward-looking statements in this Form 10-Q could differ materially from those stated in such forward-looking statements. Among the factors that could cause actual results to differ materially are: adverse economic conditions, industry competition and other competitive factors, adverse weather conditions such as high water, low water, fog and ice, marine accidents, construction of new equipment by competitors, including construction with government assisted financing, government and environmental laws and regulations, and the timing, magnitude and number of acquisitions made by the Company.

The Company is a provider of marine transportation services, operating inland tank barges and towing vessels transporting industrial chemicals, petrochemicals, refined petroleum products and agricultural chemicals throughout the entire United States waterway system. The Company serves as managing partner of a 35% owned offshore marine partnership and a 50% owned offshore marine partnership, transporting dry-bulk commodities port-to-port, primarily in the Gulf of Mexico. The partnerships are accounted for under the equity method of accounting. The Company is also engaged through its diesel engine services segment in the overhaul and servicing of large medium-speed diesel engines employed in marine, power generation and railroad applications.

On October 12, 1999, the Company completed the acquisition of Hollywood Marine, Inc. for an aggregate consideration of $322,200,000, subject to post-closing adjustments. The acquisition is being accounted for using the purchase method of accounting, therefore, the reported results for the 1999 third quarter and first nine months do not include Hollywood. The acquisition is more fully described below under Subsequent Event.

Hollywood, like the Company, was a provider of marine transportation services, operating inland tank barges and towing vessels. Hollywood transported industrial chemicals, petrochemicals, refined petroleum products, black oil and pressurized products along the Gulf Intracoastal Waterway, the Houston Ship Channel and the lower Mississippi River. Hollywood operated a fleet of 256 inland tank barges and 104 towing vessels.

The Company, with the acquisition of Hollywood, operates 767 inland tank barges, with 14.1 million barrels of capacity, and 230 towing vessels. The Company also operates six barge and tug units transporting dry-bulk commodities.

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

RESULTS OF OPERATIONS

The Company reported net earnings of $6,864,000, or $.34 per share, on revenues of $80,971,000 for the 1999 third quarter, compared with a net loss of $6,571,000, or $.31 per share, on revenues of $82,753,000 for the 1998 third quarter. Net earnings for the nine months ended September 30, 1999 were $17,467,000, or $.86 per share, on revenues of $243,888,000, compared with net earnings of $5,144,000, or $.23 per share, on revenues of $250,385,000 for the 1998 first nine months. For purposes of this Management's Discussion, all earnings (loss) per share amounts presented are "Diluted Earnings (Loss) Per Share." The weighted average number of common shares applicable to diluted earnings (loss) for the third quarter of 1999 and 1998 were 20,287,000 and 21,175,000, respectively, and for the 1999 and 1998 first nine months were 20,322,000 and 22,487,000, respectively. The reduction in common shares for the 1999 periods compared with the applicable 1998 periods primarily reflected the acquisition of treasury stock under the Company's Dutch Auction self-tender offer completed on March 23, 1998 and through open market share repurchases from January through April of 1999, more fully discussed below.

KIRBY CORPORATION AND CONSOLIDATED SUBSIDIARIES

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

RESULTS OF OPERATIONS - (Continued)

The following tables set forth the Company's revenues and percentage of such revenues for the three months and nine months ended September 30, 1999 compared with the three months and nine months ended September 30, 1998 (dollars in thousands):

	Three months ended September 30,				Increase (decrease)	
	1999		1998			
	Amounts	%	Amounts	%	Amounts	%
Revenues:						
Marine transportation	$63,571	79%	$62,700	76%	$ 871	1 %
Diesel engine services	16,933	21	19,627	24	(2,694)	(14)
Other income	467	--	426	--	41	10
	$80,971	100%	$82,753	100%	$(1,782)	(2)%

	Nine months ended September 30,				Increase (decrease)	
	1999		1998			
	Amounts	%	Amounts	%	Amounts	%
Revenues:						
Marine transportation	$184,972	76%	$184,955	74%	$ 17	-- %
Diesel engine services	58,068	24	63,951	26	(5,883)	(9)
Other income	848	--	1,479	--	(631)	(43)
	$243,888	100%	$250,385	100%	$(6,497)	(3)%

RESULTS OF OPERATIONS - (Continued)

Revenues for the marine transportation segment increased 1% for the 1999 third quarter and increased less than 1% for the 1999 first nine months compared with the 1998 corresponding periods. The 1998 third quarter and first nine months included approximately $800,000 and $4,400,000, respectively, of revenues from two offshore tank barge and tug units which were sold in October 1998.

During the 1999 third quarter and first nine months, chemical and petrochemical volumes remained strong. Refined products volumes, more seasonal in nature, increased during the summer months and were steady during the non-summer months. Liquid fertilizer and ammonia levels fell well below normal expectations for both the 1999 third quarter and first nine months due to high inventory levels in the Midwest. Overproduction of nitrogen in 1998 and 1999, coupled with a 30-year low corn price level, have deterred farmers from planting corn. In the 1999 second and third quarters, producers curtailed output of nitrogen products which resulted in decreased shipments by barge into the Midwest. Spot market rates have continued to reflect modest quarter-to-quarter increases during 1999 and term contracts are generally being renewed at higher levels. During the 1999 first quarter, poor operating conditions resulted in significant navigational delays (weather, locks and other restrictions), which lowered the quarter's revenues due to increased transit times.

For the 1998 third quarter and first nine months, chemical and petrochemical volumes were strong and refined product volumes were firm through the summer driving season. The month of September 1998 was negatively impacted by three Gulf of Mexico storm events, two hurricanes and one tropical storm, which significantly reduced fleet efficiency during September. The Company estimated its 1998 third quarter was negatively impacted by the loss of approximately $600,000 of its marine transportation revenues and incurred approximately $400,000 of additional expenses due to the storm events. The effect of the storm events reduced the Company's 1998 third quarter and first nine months operating earnings by an estimated $.02 to $.03 per share.

RESULTS OF OPERATIONS, Continued

The diesel engine services segment's revenues for the 1999 third quarter and first nine months decreased 14% and 9%, respectively, when compared with the 1998 corresponding periods. The 1998 third quarter and first nine months revenues included approximately $1,400,000 and $4,300,000, respectively, of revenues from a product line that the segment sold in September 1998. The segment continued to experience softness in its Gulf Coast oil and gas services market during the 1999 third quarter and first nine months. In the 1999 first six months, strong Midwest and East Coast engine overhauls and parts sales primarily offset the weak Gulf Coast market as Gulf Coast mechanics were dispatched to the stronger markets to meet the increased demands of those markets. During the 1999 third quarter, the Midwest and East Coast demands returned to normal, resulting in the overall reduction in revenues. In addition, the segment's shortline and industrial railroad markets continued to experience slower activity levels during the 1999 periods when compared with the corresponding prior year periods.

The diesel engine services segment's revenues for the first nine months of 1998 benefited from a strong nationwide engine overhaul and direct parts market. The Gulf Coast market, enhanced by active drilling and related oil service activities in the Gulf of Mexico, did experience a modest decline in the 1998 third quarter as drilling activities declined.

Other income, comprised primarily of investment income and gain in disposition of assets, declined 43% for the 1999 first nine months when compared with the 1998 corresponding periods. The 43% decline primarily reflected a smaller securities portfolio and correspondingly lower investment income from the Company's wholly owned captive insurance subsidiary in 1999 when compared with the 1998 corresponding period. The 1998 results also reflected the recognition of gains from the sale of marine transportation equipment during the 1998 first and second quarters.

RESULTS OF OPERATIONS, Continued

The following tables set forth the costs and expenses and percentage of such costs and expenses for the three months and nine months ended September 30, 1999 compared with the three months and nine months ended September 30, 1998 (dollars in thousands):

	Three months ended September 30,					
	1999		1998		Increase (decrease)	
	Amounts	%	Amounts	%	Amounts	%
Costs and expenses:						
Costs of sales and operating expenses	$51,275	75%	$53,055	66%	$ (1,780)	(3)%
Selling, general and administrative	8,724	13	10,039	13	(1,315)	(13)
Taxes, other than on income	1,818	2	1,938	2	(120)	(6)
Depreciation and amortization	6,778	10	6,800	9	(22)	--
Impairment of long-lived assets	--	--	8,333	10	(8,333)	(100)
	$68,595	100%	$80,165	100%	$(11,570)	(14)%

	Nine months ended September 30,					
	1999		1998		Increase (decrease)	
	Amounts	%	Amounts	%	Amounts	%
Costs and expenses:						
Costs of sales and operating expenses	$158,370	75%	$161,730	71%	$ (3,360)	(2)%
Selling, general and administrative	26,624	13	29,345	13	(2,721)	(9)
Taxes, other than on income	5,507	2	5,897	3	(390)	(7)
Depreciation and amortization	20,287	10	20,459	9	(172)	(1)
Impairment of long-lived assets	--	--	8,333	4	(8,333)	(100)
	$210,788	100%	$225,764	100%	$(14,976)	(7)%

RESULTS OF OPERATIONS, Continued

Costs of sales and operating expenses for the 1999 third quarter and the 1999 first nine months reflected 3% and 2% decreases, respectively, when compared with the corresponding periods of 1998. The 1998 third quarter and first nine months included an impairment of a long-lived asset of $8,333,000. The carrying value of an offshore liquid tank barge and tug unit was reduced in accordance with SFAS No. 121. The unit was sold in October 1998 for a price approximating the revised carrying value of the unit. The 1998 third quarter and first nine months also included the costs and expenses associated with the revenues generated from the two offshore tank barge and tug units sold in October 1998 and the diesel engine services product line sold in September 1998. The costs of sales and operating expenses applicable to the assets sold totaled approximately $1,900,000 and $6,900,000 during the 1998 third quarter and first nine months, respectively.

Excluding the impact of the events described above, costs of sales and operating expenses for the 1999 third quarter were in line with the 1998 third quarter, while costs of sales and operating expenses for the 1999 first nine months were 2% higher than the 1998 first nine months. As noted above, the marine transportation navigational delays incurred during the 1999 first quarter not only negatively impacted revenues, but also increased operating expenses. The ice and high water conditions required additional horsepower to complete the movements, additional fuel and other variable expenses. Costs of sales and operating expenses for the 1999 third quarter and first nine months also reflected the full impact of the overall 20% afloat wage increases implemented during 1998, the result of a tight afloat labor market. During 1998, the Company increased afloat compensation by 6% effective March 1, by 11% effective August 1, as well as increased longevity pay, trip pay, travel pay and mileage reimbursement. The 20% increase was necessary not only to retain current employees, but also to increase compensation to levels that were competitive with other industries so as to attract new afloat personnel. During the 1999 third quarter and first nine months, the marine transportation segment benefited from lower maintenance costs compared with the corresponding periods of 1998, as the segment is not competing for shipyard space with companies participating in the oil and gas drilling activities in the Gulf of Mexico. The segment also benefited from continued costs savings from its ongoing cost reduction procurement program.

Selling, general and administrative expenses decreased 13% for the 1999 third quarter and 9% for the 1999 first nine months compared with the corresponding periods of 1998. The decrease primarily reflects savings in administrative expenses due to the relocation of facilities, continuing cost reduction efforts and the sale of the offshore equipment and diesel engine services business line noted above. The 1998 third quarter increase included non-recurring expenses totaling $450,000 for executive severance pay, search firm fees and consulting fees for the implementation of a value based management system tied to a new incentive compensation plan.

RESULTS OF OPERATIONS, Continued

The following tables set forth the operating income and operating margins by segment for the three months and nine months ended September 30, 1999 compared with the three months and nine months ended September 30, 1998 (dollars in thousands):

	Three months ended September 30,					
	1999		1998			
	Operating income (loss)	Operating margin	Operating income (loss)	Operating margin	Increase (decrease) Amounts	%
Marine transportation	$11,329	17.8%	$10,210	16.3%	$1,119	11 %
Diesel engine services	1,518	9.0%	1,999	10.2%	(481)	(24)
Corporate	(938)		(1,714)		776	45
Impairment of assets	--		(8,333)		8,333	100
	$11,909		$ 2,162		$9,747	451 %

	Nine months ended September 30,					
	1999		1998			
	Operating income (loss)	Operating margin	Operating income (loss)	Operating margin	Increase (decrease) Amounts	%
Marine transportation	$29,647	16.0%	$29,029	15.7%	$ 618	2 %
Diesel engine services	5,799	10.0%	6,527	10.2%	(728)	(11)
Corporate	(3,194)		(4,081)		887	22
Impairment of assets	--		(8,333)		8,333	100
	$32,252		$23,142		$9,110	39 %

RESULTS OF OPERATIONS, Continued

The following tables set forth the equity in earnings of affiliates, loss on the sale of the insurance affiliate and interest expense for the three months and nine months ended September 30, 1999 compared with the three months and nine months ended September 30, 1998 (dollars in thousands):

	Three months ended September 30,		Increase (decrease)	
	1999	1998	Amount	%
Equity in earnings of marine affiliates	$ 917	$ 1,034	$ (117)	(11)%
Equity in earnings of insurance affiliate	$ --	$ 418	$ (418)	(100)%
Loss on sale of insurance affiliate	$ --	$(10,536)	$10,536	100 %
Interest expense	$(2,289)	$ (3,236)	$ (947)	(29)%

	Nine months ended September 30,		Increase (decrease)	
	1999	1998	Amount	%
Equity in earnings of marine affiliates	$ 2,407	$ 2,899	$ (492)	(17)%
Equity in earnings of insurance affiliate	$ --	$ 1,325	$(1,325)	(100)%
Loss on sale of insurance affiliate	$ --	$(10,536)	$10,536	100 %
Interest expense	$(7,403)	$ (9,235)	$(1,832)	(20)%

Equity in earnings of marine affiliates reflected an 11% decrease for the 1999 third quarter compared with the third quarter of 1998, and a 17% decrease for the 1999 first nine months compared with the first nine months of 1998. During the 1999 third quarter, four of the partnership's five offshore dry-cargo barge and tug units were employed under the partnership's coal and rock contracts. The remaining partnership unit was in lay-up the entire 1999 third quarter and the Company is exploring various options for this unit. During the 1998 third quarter, and for the majority of the 1998 first nine months, the partnership's five offshore barge and tug units were fully employed.

RESULTS OF OPERATIONS, Continued

The 1998 third quarter and first nine months included $418,000 and $1,325,000, respectively, of equity in earnings from the Company's 45% voting common stock interest and its 100% non-voting preferred stock interest in Universal Insurance Company ("Universal"). Universal, a property and casualty insurance company formed by the Company in 1972, operates exclusively in the Commonwealth of Puerto Rico. In September 1992, the Company merged Universal with Eastern America Insurance Company, a subsidiary of Eastern America Insurance Group, Inc. ("Eastern America Group"). Effective September 30, 1998, the Company sold its remaining 45% voting common stock interest and its 100% non-voting preferred stock interest in Universal for $36,000,000 in cash. The Company closed the sale on October 7, 1998.

In accordance with a shareholders' agreement between the Company, Universal and Eastern America Group, through redemption rights, Universal had the obligation to purchase the Company's entire interest in Universal gradually, over a 15 year period. Under an anticipated redemption schedule, the Company would have received a stream of cash payments between now and the year 2008 totaling $62,000,000. The $36,000,000 received represented the present value of the payment stream. Including prior redemptions and the final sale, the Company received total payments of $58,000,000 for its interest in Universal.

The Company recognized, during the 1998 third quarter, a pre-tax loss for financial purposes of $10,536,000 on the Universal transaction. The Company's investment in Universal, accounted for under the equity method of accounting was based on the estimated receipt of $62,000,000 of redemption payments to the Company over the next eleven years, and the recording of the remaining built-in gain on the sale.

Interest expense reflected a 29% decrease for the 1999 third quarter compared with the third quarter of 1998, and a 20% decrease for the 1999 first nine months compared with the 1998 first nine months. The average debt and average interest rate for the 1999 third quarter was $119,259,000 and 7.7%, compared with $178,342,000 and 7.3% for the third quarter of 1998, respectively. For the 1999 first nine months, the average debt was $129,003,000 and average interest rate was 7.7%. This compared favorably with average debt of $167,715,000 and average interest rate of 7.3% for the 1998 first nine months. The higher average interest rate for the 1999 third quarter and first nine months when compared with the average interest rate for the corresponding periods reflects the significant reduction in the Company's revolving credit agreement which carries a lower variable interest rate.

KIRBY CORPORATION AND CONSOLIDATED SUBSIDIARIES

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

FINANCIAL CONDITIONS, CAPITAL RESOURCES AND LIQUIDITY

BALANCE SHEET

Total assets as of September 30, 1999 were $361,397,000, a decrease of 7% compared with $390,299,000 as of December 31, 1998. The following table sets forth the significant components of the balance sheet as of September 30, 1999 compared with December 31, 1998 (dollars in thousands):

	September 30, 1999	December 31, 1998	Increase (decrease) Amount	%
Assets:				
Current assets	$ 93,384	$112,358	$(18,974)	(17)%
Property and equipment, net	247,923	256,899	(8,976)	(3)
Investments in marine affiliates	13,046	12,795	251	2
Other assets	7,044	8,247	(1,203)	(15)
	$361,397	$390,299	$(28,902)	(7)%
Liabilities and stockholders' equity:				
Current liabilities	$ 61,471	$ 65,940	$ (4,469)	(7)%
Long-term debt	106,302	137,552	(31,250)	(23)
Deferred taxes	40,990	40,045	945	2
Other long-term liabilities	6,344	5,722	622	11
Stockholders' equity	146,290	141,040	5,250	4
	$361,397	$390,299	$(28,902)	(7)%

Working capital as of September 30, 1999 totaled $31,913,000, a 31% decrease compared with $46,418,000 at December 31, 1998. Cash and cash equivalents increased to $8,238,000 at September 30, 1999 from $861,000 at December 31, 1998. The Company paid down all available variable debt and was accumulating cash for the Hollywood acquisition. Available-for-sale securities decreased 34% due to the Company's use of its captive insurance subsidiary during 1999 for only the procurement of reinsurance in international markets. Trade accounts receivable decreased 14%, reflecting the Company's continuing emphasis on reducing collection time on trade accounts receivable. Diesel engine services inventories decreased 8% reflecting the Company's continuing emphasis on inventory management. Accrued liabilities decreased 16%, primarily reflecting the settlement of an outstanding claim. The 69% reduction in accounts receivable - insurance claims and other primarily reflected the reimbursement of the settlement from the Company's insurance carrier.

KIRBY CORPORATION AND CONSOLIDATED SUBSIDIARIES

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

FINANCIAL CONDITION, CAPITAL RESOURCES AND LIQUIDITY, Continued

Long-term debt, less current portion, decreased 23%, the result of favorable net cash provided by operating activities during the 1999 first nine months of $54,549,000. During the 1999 first nine months, the Company incurred $11,062,000 of capital expenditures. In addition, the Company purchased $11,838,000 of treasury stock through open market common stock repurchases, more fully described below.

Stockholders' equity as of September 30, 1999 increased 4% during the 1999 first nine months, reflecting net earnings of $17,467,000, net of $11,838,000 of treasury stock purchases, more fully described below.

TREASURY STOCK PURCHASES

From January through April 1999, the Company purchased in the open market 683,000 shares of its common stock at a total price of $11,838,000, for an average price of $17.33 per share. The treasury stock purchases were financed by borrowing under the Company's $100,000,000 revolving credit agreement.

On April 20, 1999, the Board of Directors increased the Company's common stock repurchase authorization to 6,250,000 shares, an increase of 2,000,000 shares over the 2,250,000 shares authorized in October 1995 and 2,000,000 shares authorized in August 1994. The Company, as of November 9, 1999, had 2,392,000 shares available under the repurchase authorization. The Company is authorized to purchase its common stock on the New York 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.

LIQUIDITY

The Company generated net cash provided by operating activities of $54,549,000 and $39,911,000 for the nine months ended September 30, 1999 and 1998, respectively. The 1999 first nine months were positively impacted by a $16,636,000 increase in cash flow, resulting from changes in working capital, compared with a $980,000 increase in the 1998 first nine months. For the 1999 and 1998 first nine months, the Company received net cash from the marine partnerships of $2,156,000 and $3,541,000, respectively.

FINANCIAL CONDITION, CAPITAL RESOURCES AND LIQUIDITY, Continued

Funds generated are available for capital construction projects, treasury stock repurchases, acquisitions, repayment of borrowings associated with each of the above and for other operating requirements. In addition to its net cash flow provided by operating activities, the Company, after the Hollywood acquisition, has available as of November 12, 1999, $82,500,000 under its $100,000,000 revolving credit agreement and $121,000,000 available under its medium term note program. The Company's scheduled principal payments during the next 12 months are $50,333,000. On June 1, 2000, $45,000,000 of the Company's medium term notes mature. These notes were classified as long-term at September 30, 1999 as the Company has the ability and intent to refinance the notes through available credit facilities.

During the last three years, 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. The repair portion of the diesel engine services segment is based on prevailing current market rates.

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

YEAR 2000

Certain computer systems, software programs and semiconductors are not capable of recognizing certain dates in 1999 and after December 31, 1999, and will read dates in the year 2000 and thereafter as if those dates represent the year 1900 or thereafter, or will fail to process those dates. This "Year 2000 Issue" could result in the failure of certain systems or other errors that could disrupt normal business activities.

The Company has designed and implemented an action plan to determine the likely exposures of the Company and its subsidiaries to the Year 2000 Issue and to take the necessary action to minimize the impact of those exposures. The Company's Year 2000 action plan addresses both internal and external exposures to the Year 2000 Issue.

With respect to the Company's internal Year 2000 Issue exposures, the action plan addresses both land-based and vessel-based systems. The land-based systems include all of the Company's network components, core corporate software applications, personal computers, telephone systems, building management control systems and critical office equipment. The vessel-based systems include electronic navigation equipment, diesel engine controlling systems, and fire and other emergency monitors and alarms.

FINANCIAL CONDITION, CAPITAL RESOURCES AND LIQUIDITY - (Continued)

The Company's external exposures to the Year 2000 Issue include vendors and suppliers of critical services including communications, fuel and supplies, barge cleaning and repair, and government waterways maintenance and management. The Company's external exposures also include general business support systems such as electric power, telephone and banking services, as well as customers' accounts payable systems. The Company may experience Year 2000 problems as a result of these external exposures. The Company is attempting to address all Year 2000 exposures in advance; however, the Company could potentially experience temporary disruptions to certain aspects of activities or operations as a result of the external exposures noted above. It is not possible to determine whether, or to what extent, any or all of these exposures are likely to occur or the costs involved in any of the exposures. However, the costs to the Company could be material.

The Company's Year 2000 action plan divides the Company's actions with respect to its internal and external exposures to the Year 2000 Issue into three sequential stages:

* INVESTIGATION. This stage, substantially completed in the 1999 first quarter, included a complete physical inventorying of all computer systems, software applications, and equipment relying on computer software or embedded semiconductors. The Company has completed the process of mailing requests for Year 2000 Issues to the manufacturers and distributors of the systems and equipment. Responses have been positive, as most manufacturers and distributors have indicated the Year 2000 status of their equipment or systems as Year 2000 compliant.

* REMEDIATION. This stage involves the repair or replacement of the Company's equipment and systems which have been identified as not being Year 2000 compliant in the investigation stage and the validation of the compliance of the equipment and systems which have been repaired or replaced. This stage has been substantially completed. The Company continues to be proactive in additional communication with key systems' manufacturers and distributors to ensure awareness of any unanticipated problems that have not been previously addressed.

* CONTINGENCY PLANNING. Based on the findings of the investigation stage, the Company's actions in this stage include the development of business scenarios likely to result from Year 2000 compliance failures by external suppliers or their equipment, systems or services, and the development of remedies to minimize the consequences of such failures on the Company's business. Those remedies may include preventative measures and "work around" solutions. This stage has been substantially completed.

FINANCIAL CONDITION, CAPITAL RESOURCES AND LIQUIDITY - (Continued)

While the Company has substantially completed the remediation and contingency planning stages of its Year 2000 action plan, the Company must rely on third parties including government agencies, manufacturers, distributors, vendors and suppliers, to provide information and to take actions which are beyond the Company's control. While the responses to the investigation stage have been positive, it is not possible for the Company to predict either the timeliness of the manufacturers or distributors who have not responded to the Company's requests, or the substance of the information and actions provided by third parties. Accordingly, the Company cannot predict whether or to what extent the information provided by third parties will affect the timely completion of each stage of the Year 2000 action plan, as the information provided by third parties may require additional investigation, remediation, and/or contingency planning. Further, the Company's ability to timely complete its Year 2000 action plan is dependent upon the ability of third party manufacturers and distributors to provide necessary replacement equipment during the remediation stage.

The total amount expended on the Year 2000 action plan through September 30, 1999 is approximately $100,000. Remaining costs related to the Year 2000 action plan are not expected to be material. The Company will continue to utilize internal resources to assist in the implementation of the Year 2000 action plan. The costs expended to date, and the costs anticipated to be expended in the fourth quarter of 1999, do not include the Company's internal costs, as the Company does not track such costs separately. The costs also do not include software upgrades that, while Year 2000 compliant, were not specifically upgraded for the Year 2000 Issue. The completion of the Year 2000 action plan is expected to significantly reduce both the level of uncertainty related to the Company's reliance on third parties for Year 2000 compliance and the possibility of significant interruptions of normal business operations. The forward-looking statements contained in this discussion should be read in conjunction with the Company's disclosure in the opening paragraph of this Management's Discussion and Analysis.

ACCOUNTING STANDARDS

SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," issued in June 1998, establishes accounting and reporting standards for derivative instruments and hedging activities. This statement requires that an entity recognize all derivatives as either assets or liabilities in the statement of financial position and measure those instruments at fair value. Based on the May 1999 announcement by the Financial Accounting Standards Board to delay the implementation date by one year, SFAS No. 133 is now effective for all quarters of fiscal years beginning after June 15, 2000. SFAS No. 133 is effective for the Company's year ending December 31, 2001 and is not expected to have a material effect on the Company's financial position or results of operations.

FINANCIAL CONDITION, CAPITAL RESOURCES AND LIQUIDITY - (Continued)

SUBSEQUENT EVENT

On October 12, 1999, the Company completed the acquisition of Hollywood, by means of a merger of Hollywood into Kirby Inland Marine, Inc., a wholly owned subsidiary of the Company. Pursuant to the Agreement and Plan of Merger, the Company acquired Hollywood for an aggregate consideration of $322,200,000 consisting of $89,600,000 in common stock (4,384,000 shares at $20.44 per share), $128,700,000 in cash, and the assumption of $103,900,000 of Hollywood's existing debt and certain other liabilities. The aggregate purchase price is subject to post-closing adjustments. Hollywood was owned by C. Berdon Lawrence and certain trusts for members of his family. Hollywood's operations were included as part of the Company's operations effective October 12, in accordance with the purchase method of accounting. The Company is currently in the process of preparing the purchase price allocation. Goodwill will be amortized over 30 years.

Financing for the cash portion of the transaction and the repayment of Hollywood's existing debt was through the Company's existing $100,000,000 undrawn bank revolving credit agreement with Chase Bank of Texas, N.A. as agent bank and through a new $200,000,000 credit facility with Bank of America, N.A. as syndication agent bank; Chase Bank of Texas, N.A. as administrative agent; and Bank One, Texas, N.A. as documentation agent.

Hollywood, located in Houston, Texas, was engaged in the inland tank barge transportation of chemicals and petrochemicals, refined petroleum products, black oil and pressurized products primarily along the Gulf Intracoastal Waterway, the Houston Ship Channel and the lower Mississippi River. Hollywood operated a fleet of 256 inland tank barges, with 4.6 million barrels of capacity, and 104 inland towboats. The Company has continued to use the assets of Hollywood in the same business that Hollywood conducted prior to the merger.

With the combination of the Company and Hollywood, certain administrative and operating synergies estimated to be at least $10,000,000 annually are expected to be achieved. The synergies include the consolidation of corporate headquarters, the elimination of duplicate administrative and operating staffs and expenses, and improved operating efficiencies within the marine transportation operations. A significant portion of the savings is expected to be realized in the year ended December 31, 2000 and substantially all of the savings are expected to be realized in the year ended December 31, 2001.

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, 1998.

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:

On July 30, 1999, the Company filed a report on Form 8-K reporting the signing of an Agreement and Plan of Merger with Hollywood for the merger of Hollywood into Kirby Inland Marine, Inc., a wholly owned subsidiary of the Company.

On October 14, 1999, the Company filed a report on Form 8-K reporting the completion on October 12, 1999 of the merger of Hollywood into Kirby Inland Marine, Inc., a wholly owned subsidiary of the Company.

SIGNATURES

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

KIRBY CORPORATION
(Registrant)

By: /s/ G. STEPHEN HOLCOMB

G. Stephen Holcomb
Vice President and Controller

Dated: November 12, 1999

EXHIBIT 11.0

KIRBY CORPORATION AND CONSOLIDATED SUBSIDIARIES

COMPUTATION OF EARNINGS PER COMMON SHARE

	Three months ended September 30,		Nine months ended September 30,	
	1999	1998	1999	1998
	(in thousands, except per share amounts)			

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

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9-MOS
DEC-31-1999
SEP-30-1999
8,238
13,753
51,722
557
13,098
93,384
476,041
228,118
361,397
61,471
106,302
0
0
3,091
143,199
361,397
42,877
243,888
32,863
158,370
52,418
(70)
7,403
28,104
10,637
17,467
0
0
0
17,467
.87
.86