

Kirby Corporation

2014 Annual Report



2014 Quarterly Review

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

First Quarter	2014	2013	Change	
Revenues	\$ 589,246	\$ 558,785	5%	• Marine transportation inland and coastal fleets demand strong with utilization in the 90% to 95% range and favorable pricing trends
Net earnings*	\$ 62,246	\$ 56,578	10%	• Diesel engine services land-based demand reflected modest improvement, while marine and power generation demand stable
Earnings per share*	\$ 1.09	\$ 1.00	9%	• Included a \$.03 per share severance charge and an estimated \$.03 per share combined impact from winter weather and expenses related to an incident in the Houston Ship Channel
EBITDA	\$ 146,889	\$ 139,946	5%	• 2013 included a \$.05 per share credit to the fair value of United's contingent earnout liability
Second Quarter	2014	2013	Change	
Revenues	\$ 628,054	\$ 563,908	11%	• Marine transportation inland and coastal fleets demand strong with utilization in the 90% to 95% range and favorable pricing trends
Net earnings*	\$ 74,992	\$ 63,093	19%	• Diesel engine services land-based demand strengthened as industry fundamentals improved, while marine and power generation demand reflected a modest improvement
Earnings per share*	\$ 1.31	\$ 1.11	18%	• 2013 included a \$.07 per share credit to the fair value of United's contingent earnout liability
EBITDA	\$ 167,636	\$ 148,925	13%	
Third Quarter	2014	2013	Change	
Revenues	\$ 680,721	\$ 551,105	24%	• Marine transportation inland and coastal fleets demand strong with utilization in the 90% to 95% range and favorable pricing trends
Net earnings*	\$ 76,717	\$ 69,123	11%	• Diesel engine services land-based demand strengthened as industry fundamentals continued to improve, while marine and power generation demand stable
Earnings per share*	\$ 1.34	\$ 1.21	11%	• 2013 included a \$.08 per share credit eliminating United's contingent earnout liability
EBITDA	\$ 170,090	\$ 159,464	7%	
Fourth Quarter	2014	2013	Change	
Revenues	\$ 668,297	\$ 568,397	18%	• Marine transportation inland and coastal fleets demand strong with utilization in the 90% to 95% range and pricing trends moderating for inland
Net earnings*	\$ 68,051	\$ 64,267	6%	• Diesel engine services land-based demand strong; however, results negatively impacted by fourth quarter decline in crude oil prices that resulted in customers deferring deliveries and cancelling orders, coupled with production inefficiencies
Earnings per share*	\$ 1.19	\$ 1.13	5%	• Marine and power generation demand stable
EBITDA	\$ 157,946	\$ 149,414	6%	

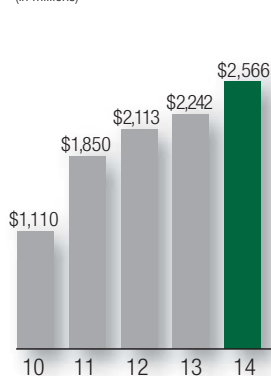
* Net earnings represent net earnings attributable to Kirby and earnings per share represents diluted earnings per share attributable to Kirby common stockholders.

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, 2014, included in this Annual Report and filed with the Securities and Exchange Commission.

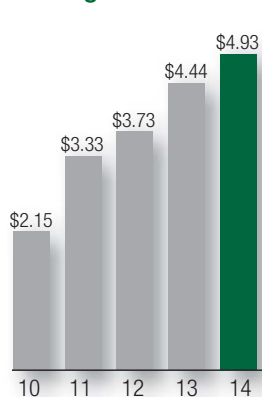
Financial Highlights

(In thousands, except per share amounts)	For the years ended December 31,				
	2014	2013	2012	2011	2010
Revenues:					
Marine transportation	\$ 1,770,684	\$ 1,713,167	\$ 1,408,893	\$ 1,194,607	\$ 915,046
Diesel engine services	795,634	529,028	703,765	655,810	194,511
	\$ 2,566,318	\$ 2,242,195	\$ 2,112,658	\$ 1,850,417	\$ 1,109,557
Net earnings attributable to Kirby	\$ 282,006	\$ 253,061	\$ 209,438	\$ 183,026	\$ 116,249
Net earnings per share attributable to Kirby common stockholders (diluted)	\$ 4.93	\$ 4.44	\$ 3.73	\$ 3.33	\$ 2.15
EBITDA—Earnings before interest, taxes, depreciation and amortization*:					
Net earnings attributable to Kirby	\$ 282,006	\$ 253,061	\$ 209,438	\$ 183,026	\$ 116,249
Interest expense	21,461	27,872	24,385	17,902	10,960
Provision for taxes on income	169,782	152,379	127,907	109,255	72,258
Depreciation and amortization	169,312	164,437	145,147	126,029	95,296
EBITDA*	\$ 642,561	\$ 597,749	\$ 506,877	\$ 436,212	\$ 294,763
Property and equipment, net	\$ 2,589,498	\$ 2,370,803	\$ 2,315,165	\$ 1,822,173	\$ 1,118,161
Total assets	\$ 4,141,909	\$ 3,682,517	\$ 3,653,128	\$ 2,960,411	\$ 1,794,937
Long-term debt, including current portion	\$ 716,700	\$ 749,150	\$ 1,135,110	\$ 802,005	\$ 200,134
Total equity	\$ 2,264,913	\$ 2,022,153	\$ 1,707,054	\$ 1,454,158	\$ 1,159,139

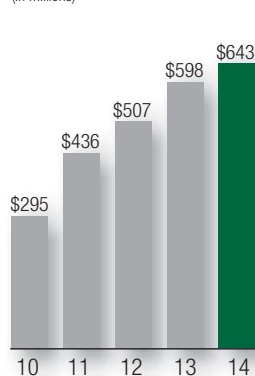
Revenues
(In millions)



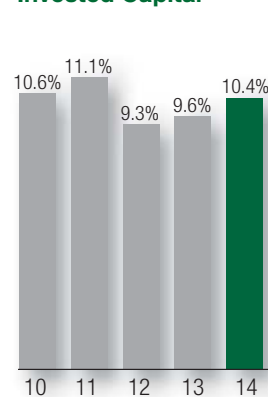
Earnings Per Share



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

The 2014 year was our fourth consecutive year of record-setting operating results. Our 2014 results reflected continued strong inland and coastal marine transportation markets throughout the year, stable marine and power generation diesel engine service markets, and a brief but unsustainable improvement in our land-based diesel engine services market before crude oil prices fell during the fourth quarter.

Our 2014 revenues were \$2.6 billion, a 14% increase compared with \$2.2 billion in 2013. Net earnings were \$282 million, an 11% increase compared with \$253 million in 2013. Earnings per share were \$4.93, an 11% increase over \$4.44 in 2013. EBITDA was \$643 million, an 8% increase compared with \$598 million in 2013.

Our marine transportation segment carries a diversified array of products for our many customers. This year, as part of our annual report, we have included a simplified chart that illustrates the variety of feedstocks, including crude oil, natural gas condensate and natural gas, that go through the petrochemical and refining process to become finished products, as well as coal, salt and ore as they impact the petroleum, chemical and refining process. The chart highlights the importance of marine transportation to the United States petrochemical and refining industries, as numerous feedstocks, intermediates and end products are transported on a daily basis. Kirby Corporation provides a vital link in moving raw and intermediate materials to facilities where they will ultimately become finished products.

For both our inland and coastal markets, today's lower energy prices are a net positive. In a consumer-driven economy, lower energy prices mean more money in the consumers' hands, which is good for the economy and, therefore, positive for the volumes we transport. The long-term fundamental drivers of our marine transportation markets are positive. With an abundant supply of United States shale formation natural gas and condensate, which are basic petrochemical feedstocks, the United States petrochemical plants have a competitive advantage globally. Even at today's lower crude oil price levels, natural gas feedstock remains a significantly lower priced feedstock option as compared with crude oil. Favorable natural gas

pricing, as well as an unprecedented level of United States petrochemical plant construction and expansion of existing plants, should add significant volumes to our future marine transportation markets.

The operating performance of our inland marine transportation operations remained strong throughout 2014, with utilization of our petrochemical, black oil and refined products fleets in the 90% to 95% range. The United States petrochemical industry continued to contribute strong volumes from Gulf Coast plants for domestic consumption and to terminals for export destinations. Favorable black oil demand continued to be driven by stable refinery output and the movement of crude oil and natural gas condensate from United States shale formations. Refined products demand also remained positive throughout 2014, as exports of diesel fuel and heavy fuel oils remained brisk.

Our coastal marine transportation operations reflected continued strong demand for the transportation of refined products, black oil, including crude oil and natural gas condensate, and petrochemicals. Fleet utilization remained in the 90% to 95% range throughout 2014. The coastal market remained supply constrained throughout 2014 and we continued to benefit from price increases on contract renewals.

We put capital to work in 2014 with both fleet expansion and share repurchases. We spent \$355 million on capital additions and upgrades during 2014. We spent \$126 million for new inland tank barges and towboats, and \$138 million primarily for upgrading our existing marine transportation fleet and final payment on two offshore dry-bulk barge and tugboat units completed in 2013. We also spent \$91 million on progress payments for two 185,000 barrel and two 155,000 barrel coastal articulated tank barge and tugboat units scheduled for completion from late 2015 through 2017. The four coastal units are more fully described on page 13 of this annual report.

During 2014, we took delivery of 61 new inland tank barges. Net of inland tank barge retirements, we added approximately 500,000 barrels of inland fleet capacity during 2014. With these new inland tank barges, we continued to decrease the average age of our inland fleet,

from 23.9 years old in 2008 to 15.3 years old today. The newer inland tank barge fleet improves reliability and reduces maintenance costs. A table on page 11 of this annual report shows the decline in the average age of our inland tank barge fleet.

In our diesel engine services segment, business improved during 2014, but there were headwinds gathering late in the year due to the collapse of crude oil pricing. Through the third quarter of 2014, our land-based diesel engine services market saw improving demand across its entire oil services portfolio, including orders for the manufacture of new pressure pumping units and oil service equipment, and increased demand for the remanufacture of pressure pumping units, as well as increased service and sale of engines and parts. With the significant drop in crude oil prices in the fourth quarter, we experienced some customer deferrals of new equipment deliveries until 2015, cancellations of new equipment orders and requests for price reductions on new equipment. We continue to emphasize growth in the remanufacturing portion of this business and operating expense discipline to dampen the earnings volatility in future oil and gas cycles.

Our marine diesel engine services market benefited from modest improvements in service activity and direct parts sales from its inland and offshore customers, as well as offshore oil service and drilling customers. Our power generation market remained stable as a result of engine generator set upgrades and parts sales for both domestic and international customers.

During the 2014 fourth quarter and early 2015, we took advantage of a significant reduction in the price of our common stock and initiated a share repurchase program. From mid-December 2014 through February 2015, we have repurchased approximately 1.4 million shares of our common stock for \$113 million, at an average price of \$78.72 per share. Our remaining repurchase authorization is currently 3.5 million shares.

We wish to thank each and every Kirby employee who contributed to making 2014 a record-setting year. We truly believe our marine transportation and diesel engines services employees are the best in the business.

Our Board of Directors brings a wealth of expertise to Kirby and we want to thank them for their support, guidance and direction. We are also pleased to note the nomination of a new director, Barry Davis, President and CEO of EnLink Midstream Partners, LP and EnLink Midstream, LLC, who has



David Grzebinski
President and Chief Executive Officer

Joe Pyne
Chairman

been nominated for election to our Board at our 2015 Annual Meeting of Stockholders on April 28, 2015.

We also want to extend a special thank you to Bob Gower, a Kirby Board member since 1998. Bob will retire from the Board at our April Annual Meeting, having served on our Board for 17 years. Bob's wealth of petrochemical and financial expertise, leadership and support contributed greatly to the growth of Kirby during his tenure on the Board.

While the 2015 year is beginning with some uncertainty related to lower crude oil prices, we are very well positioned to continue to prosper and create value for our shareholders. The long-term fundamentals of both our marine transportation and diesel engine services segments remain intact. Our balance sheet is very strong with a debt-to-capital ratio of 24.0% at year-end 2014. We will continue to be disciplined in our approach as we evaluate competing alternatives for our allocation of capital.

Respectfully submitted,

Joseph H. Pyne
Chairman of the Board

David W. Grzebinski
President and Chief Executive Officer

Marine Transportation

The United States tank barge industry serves the inland waterways, consisting of the Mississippi River System and the Gulf Intracoastal Waterway, and coastal ports along all three coasts and in Alaska and Hawaii. The nation's inland tank barge fleet is comprised of approximately 3,650 liquid tank barges. We operate 890 inland tank barges, or 24% of the nation's inland fleet. The nation's coastal tank barge fleet, in the 195,000 barrels or less category, is comprised of approximately 260 liquid tank barges. We operate 69 coastal tank barges, or 27% of the nation's coastal fleet. We also operate six offshore dry-bulk cargo barges.

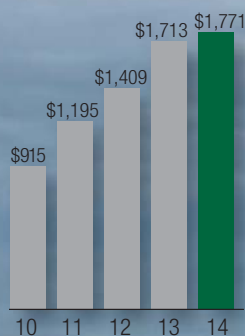
Kirby Inland Marine is the United States' largest inland tank barge operator, transporting petrochemicals, black oil, refined petroleum products and agricultural chemicals throughout the Mississippi River System, Gulf Intracoastal Waterway and Houston Ship Channel.

Kirby Offshore Marine is the United States' largest coastal tank barge operator in the 195,000 barrels or less category, transporting petrochemicals, black oil and refined petroleum products along all three coasts and in Alaska and Hawaii, as well as dry bulk cargoes along the Gulf Coast and East Coast.

Our inland and coastal tank barge customers consist of the large petrochemical and refining companies that operate in the United States, providing a critical link in customers' supply chains, transporting and transferring bulk liquid products that keep plants and refineries operating efficiently. The coastal dry-bulk fleet's customers primarily consist of a Florida utility, sugar producers and a concrete manufacturer.

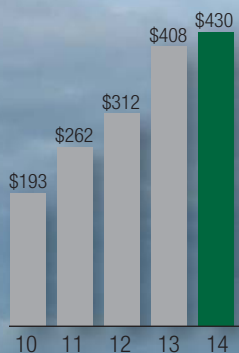
Revenues

(In millions)

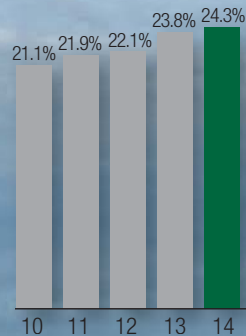


Operating Income

(In millions)



Operating Margin



A Kirby Inland Marine tow, the M/V Jeff Montgomery, an 1800 horsepower towboat, with two loaded 30,000 barrel tank barges, transits the Houston Ship Channel.

Results of Operations for 2014

- Operating income of \$430 million on revenues of \$1.8 billion compared with operating income of \$408 million on revenues of \$1.7 billion for 2013.
- Operating margin of 24.3% compared with 23.8% for 2013.
- 68% of marine transportation revenues from inland operations and 32% from coastal operations.
- 47% of revenues from transportation of petrochemicals, 25% black oil, 25% refined petroleum products and 3% agricultural chemicals.
- Higher revenues and operating income reflected consistent demand across all inland transportation markets with 90% to 95% equipment utilization levels and favorable pricing trends for majority of year. Coastal transportation markets reflected strong demand across all markets with 90% to 95% utilization and favorable pricing trends.
- Fundamental drivers of inland and coastal marine transportation markets remained intact throughout 2014, the result of low-priced natural gas, which gives petrochemical producers a competitive advantage globally, and production of crude oil and natural gas condensate from United States shale formations.
- Inland transportation markets reflected consistent volumes from United States petrochemical customers for both domestic and foreign destinations, steady refinery production levels with strong volumes of refined products and heavy fuel oils for export destinations, along with steady movements of crude oil and natural gas condensate along the Gulf Intracoastal Waterway and Mississippi River System.
- Coastal transportation markets reflected consistent volumes of refined products, crude oil and natural gas condensate, and petrochemicals, along with continued success in expanding the coastal customer base to inland customers with coastal transportation requirements.



Kirby Provides a Vital Link in Converting Natural Resources to Finished Products

On the adjacent page and foldout page is a simplified chart reflecting the movement of crude oil and natural gas condensate, natural gas, coal, salt and ore from their original composition, through the petrochemical and refining process, to finished products. The chart reflects the numerous feedstocks, intermediates and end products that we transport on a daily basis throughout the Mississippi River System, the Gulf Intracoastal Waterway, coastwise along all three United States coasts and in Alaska and Hawaii.

Crude oil and natural gas are the most important natural resources of the industrialized world. Crude oil is the primary source of fuel for vehicles, vessels, machinery and airplanes. It is used to generate heat, pave roads and provide fuel for utilities. Crude oil and natural gas components are used to manufacture almost all petrochemical products, such as plastics, polyester fibers, textiles, paints and even pharmaceuticals.

Petrochemical plants' primary feedstocks are components of natural gas such as ethane, propane and butane, as well as by-products of the refining process. These feedstocks are then processed through an operation known as cracking, the breaking down of heavy molecules into lighter, more valuable fractions. Once these operations are concluded, the building blocks of the petrochemical industry, olefins and aromatics, are obtained. From

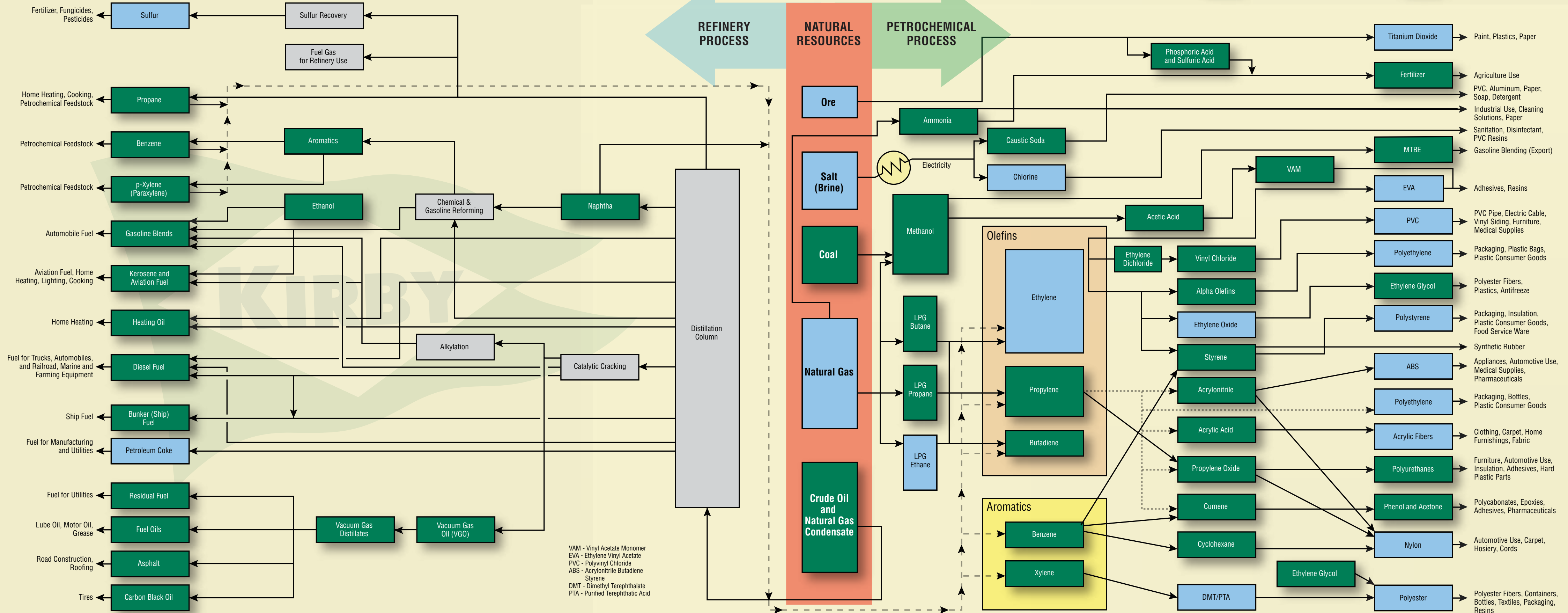
these products, intermediate products such as cumene, styrene, propylene oxide and acrylonitrile are produced, leading to end products such as polyester, nylon, polyurethanes and polystyrene, products used in the manufacture of plastic products, clothing, adhesives, carpets and packaging products, just to name a few.

Refineries produce physical and chemical changes in crude oil and natural gas condensate through a distillation process, the separation of crude oil into lighter groups of hydrocarbons, producing gasoline blends, heating oil, diesel fuel and many other products, as well as feedstock for petrochemical plants.

We provide a vital link in the production of petrochemicals, ensuring transportation of raw material feedstocks into the plants, movement of petrochemical products from one petrochemical plant to another for further processing, and movement of more finished products to manufacturing companies and to waterfront terminals for both domestic and foreign destinations. We transport gasoline blends and additives, diesel fuel and jet fuel from refineries to waterfront terminals for both domestic and foreign destinations. Black oil, including crude oil and natural gas condensate, is transported to refineries and waterfront terminals, residual fuel to utilities and asphalt to waterfront terminals. Agricultural chemicals are transported primarily to waterfront terminals in the Midwest.

Kirby Corporation—Providing a Vital Link in Converting Natural Resources to Finished Products

Products moved by Kirby
 Products not moved by Kirby
 Refinery process



Kirby Inland Marine

Kirby Inland Marine is the leading United States transporter of bulk liquid cargoes by inland tank barge, offering distribution services throughout the Mississippi River System, Gulf Intracoastal Waterway and Houston Ship Channel. The United States inland waterway system is one of the most vibrant and efficient transportation systems in the world, linking the heartland and coastal states to the rest of the world. We transport petrochemicals, black oil, refined petroleum products and agricultural chemicals for a customer base consisting of the United States' largest petrochemical and refining companies. Texas and Louisiana currently account for approximately 80% of the total United States production of petrochemicals.

Inland Tank Barge Fleet

Petrochemicals/Refined products	695
Black oil	119
Pressure	61
Anhydrous ammonia	10
Specialty	5

Total 890

Total Barrel Capacity 17.9 MM

Inland Towboat Fleet

800–1300 HP	88
1400–1900 HP	82
2000–2400 HP	47
2500–3200 HP	16
3300–4900 HP	11
5000 HP and greater	2
Spot charters	1

Total 247

Strengths

Kirby Inland Marine has a significant presence in the Mississippi River System, Gulf Intracoastal Waterway and Houston Ship Channel, giving us the ability to service our customers' needs throughout the inland waterway system.

Our inland fleet consists of 890 tank barges with 17.9 million barrels of cargo capacity and 247 towboats. Our inland tank barge fleet represents approximately 24% of the estimated 3,650 inland tank barges operating in the United States.

We provide a critical link in customers' supply chain, transporting and transferring bulk liquid products that keep plants and refineries operating efficiently.

At December 31, 2014, approximately 80% of inland revenues were under term contracts, of which approximately 56% were under time charters, and approximately 20% of revenues were under spot contracts.

A Kirby Inland Marine tow, consisting of the M/V Niceville and two pressure barges, transits the Gulf Intracoastal Waterway. Pressurized products include butane, propane, butadiene, isobutane and propylene, all requiring pressurized conditions to remain in stable liquid form. The picture was taken by James Bates, a Pilot for Kirby Inland Marine.

Typical Products Transported

Petrochemicals: benzene, styrene, methanol, acrylonitrile, xylene, caustic soda, butadiene, propylene, butane and propane

Black Oil: residual fuel, fuel oils, vacuum gas oil, asphalt, carbon black feedstock, crude oil, natural gas condensate and ship bunkers

Refined Petroleum Products: finished gasoline, gasoline blendstock, aviation fuel, heating oil, diesel fuel, naphtha and ethanol

Agricultural Chemicals: anhydrous ammonia, nitrogen-based liquid fertilizer and industrial ammonia

Inland Tank Barge Construction

During 2014, we continued to reinvest in our inland tank barge fleet, spending approximately \$126 million for 61 new inland tank barges. Since 2008, through our inland tank barge construction program, we have consistently reduced the average age of our inland tank barge fleet from 23.9 years in 2008 to 15.3 years today (see table below). Crude oil and natural gas condensate volumes from new shale formations, increased refinery output, petrochemical expansions and new petrochemical facilities have increased the need for barges in order to meet customer requirements.

Inland Tank Barge Average Age by Year

Year	Barges	Barrel Capacity (MM)	Average Age (Years)
2014	890	17.9	15.3
2013	861	17.3	16.2
2012	841	16.7	17.7
2011	819	16.2	18.9
2010	825	15.9	20.3
2009	863	16.7	22.2
2008	914	17.5	23.9



Kirby Offshore Marine

Kirby Offshore Marine is the leading United States transporter of bulk liquid cargoes by tank barge in the 195,000 barrels or less category, offering safe, dependable and cost-effective distribution services on the East, Gulf and West Coasts and in Alaska and Hawaii. We offer regional distribution of refined products, black oil and petrochemicals for a customer base consisting of the United States' largest refining and petrochemical companies. Kirby Offshore Marine also transports raw sugar and other products from the Gulf Coast and Florida to East Coast ports. Through Kirby Ocean Transport, we transport coal across the Gulf of Mexico to a power generation facility in Florida and limestone rock from Florida across the Gulf of Mexico to Alabama.

Strengths

Kirby Offshore Marine operates in the 195,000 barrels or less category, having the flexibility to access ports inaccessible to larger vessels, while still delivering large volumes of products.

Our coastal fleet consists of 69 tank barges with 6.0 million barrels of cargo capacity and 74 tugboats. Our coastal tank barge fleet represents approximately 27% of the estimated 260 coastal tank barges operating in the United States. Our offshore dry-bulk cargo fleet consists of six dry-bulk barge and tugboat units.

With a large array of tank barge capabilities and capacities, as well as a broad geographic presence, we are able to provide a single source of transportation services to our petrochemical and refining customers' supply chain.

As of December 31, 2014, approximately 85% of the coastal revenues were under term contracts, of which approximately 90% were under time charters, and approximately 15% of revenues were under spot contracts.

Coastal Tank Barge Fleet

Refined products/Petrochemicals	44
Black oil	25
Total	69
Total Barrel Capacity	6.0 MM

Coastal Tugboat Fleet

1000–1900 HP	8
2000–2900 HP	6
3000–3900 HP	15
4000–4900 HP	24
5000–6900 HP	12
Greater than 7000 HP	9
Total	74

Offshore Dry-Bulk Cargo Fleet

Dry-bulk barge and tugboat units	6
Deadweight tonnage	113,000

Typical Products Transported

Refined Petroleum Products: finished gasoline, gasoline blendstock, aviation fuel, heating oil, diesel fuel, naphtha and ethanol

Black Oil: residual fuel, fuel oils, vacuum gas oil, asphalt, carbon black feedstock, crude oil, natural gas condensate and ship bunkers

Petrochemicals: cumene, phenol, acetone, cyclohexane and caustic soda

Dry Products: sugar, coal, limestone rock and fertilizer

New Construction

With coastal tank barge utilization in the 90% to 95% range and increasing demand for the movement of crude oil and natural gas condensate, new capacity is needed to meet demand and also to replace older coastal tank barges and tugboats that will be removed from service in the coming years. During 2014, we announced the signing of contracts for the construction of four coastal articulated tank barge and tugboat units. Two of the units have been chartered to major customers for multiple years with extension options. The coastal tank barges have the capacity of moving crude oil, natural gas condensate, petrochemicals and refined products. Specifics of the four coastal articulated tank barge and tugboat units currently under construction are as follows:

Two 185,000 barrel coastal articulated tank barge and 10000 horsepower tugboat units, one for delivery in mid-to-late 2015 and one in the 2016 first half. Cost of each unit is approximately \$75 to \$80 million.

Two 155,000 barrel coastal articulated tank barge and 6000 horsepower tugboat units, one for delivery in the 2016 second half and one in the 2017 first half. Cost of each unit is approximately \$65 to \$70 million.



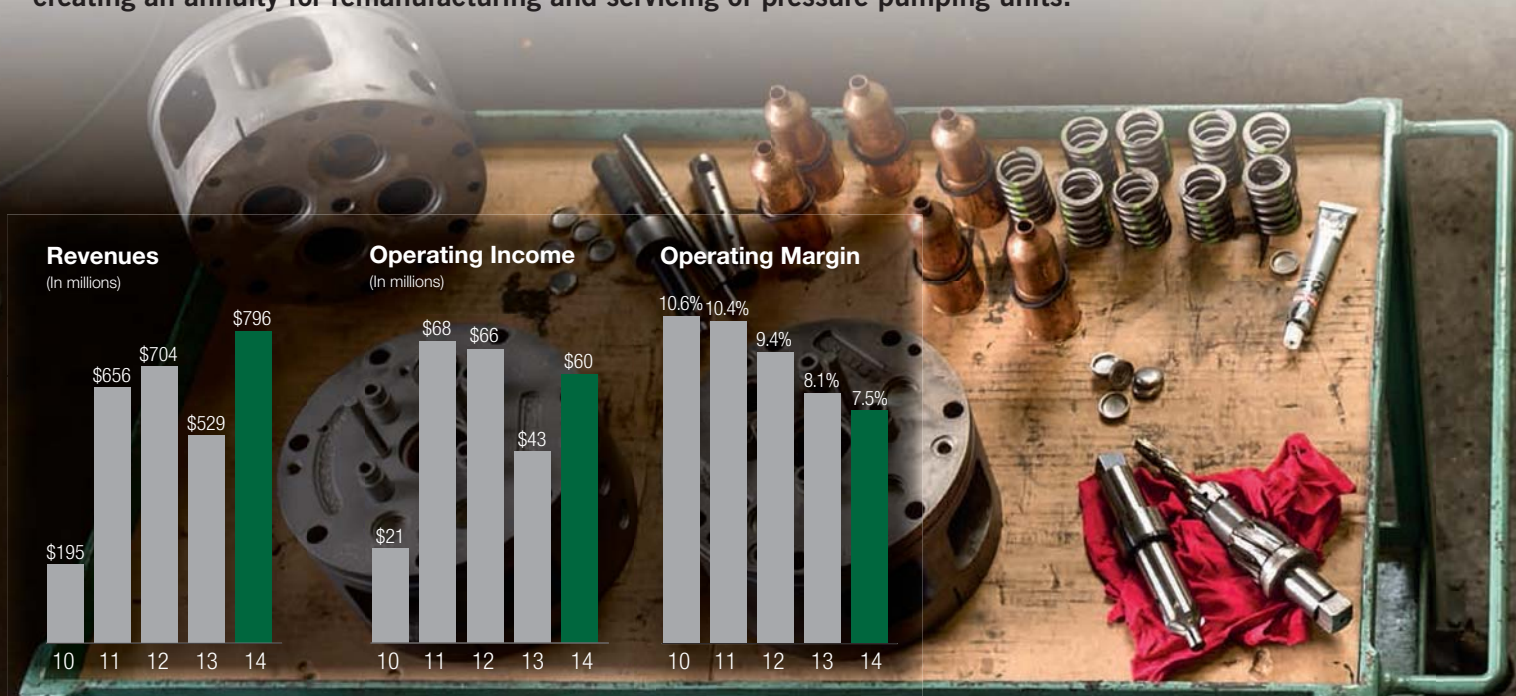
A Kirby Offshore Marine articulated coastal tank barge and tugboat unit, the M/V Java Sea, a 4800 horsepower tugboat, and the DBL 78, an 80,000 barrel tank barge, transits the coastal waters of Alaska. Kirby Offshore Marine operates on the East, Gulf and West Coasts and in Alaska and Hawaii.

Diesel Engine Services

The marine transportation industry depends on diesel engines for propulsion of its vessels. The power generation industry depends on diesel engines for standby, peak and base load power generation. The oil and gas industry depends on diesel engines to power its oilfield service equipment. We offer our customers a single source for the service and distribution of diesel engines and ancillary products, and the manufacture and remanufacture of oilfield service equipment, including pressure pumping units.

Kirby Engine Systems serves the marine and power generation industries, providing aftermarket service and OEM replacement parts for medium-speed and high-speed diesel engines, and ancillary products including reduction gears, transmissions, starters, governors and marine clutches, as well as the sale of new engines.

United Holdings serves the land-based oil and gas industry, providing aftermarket service, OEM replacement parts and distribution of high-speed diesel engines, transmissions, pumps and compression products, and the manufacture and remanufacture of customized oilfield service equipment. There is approximately 19.5 million horsepower, or 9,000 pressure pumping units, operating in the North America oilfield service industry, and the heavy-duty cycle associated with hydraulic fracturing is creating an annuity for remanufacturing and servicing of pressure pumping units.




Results of Operations for 2014

- Operating income of \$60 million on revenues of \$796 million compared with operating income of \$43 million on revenues of \$529 million for 2013.
- Operating margin of 7.5% compared with 8.1% for 2013.
- 2013 results included an \$18.3 million credit before taxes, or \$.20 per share, reducing the fair value of the contingent earning liability associated with the acquisition of United Holdings in April 2011. The United Holdings earnout liability was eliminated as of September 30, 2013.
- 72% of revenues from land-based operations and 28% from marine and power generation.
- The land-based market saw improvement in the sale and service of land-based diesel engines and transmissions, and an increase in the manufacture of oilfield service equipment, including pressure pumping

units. However, the sharp decline in crude oil prices in late 2014 led to some customer deferrals and cancellations. Demand for the remanufacture of pressure pumping units remained relatively steady, increasing to some degree in the 2014 second half. Results were also negatively impacted by production inefficiencies related to supply chain issues and difficulties hiring qualified labor to meet demand.

- The marine market saw modest improvement, benefiting from major service projects for inland and coastal marine customers, as well as Gulf of Mexico and foreign offshore oilfield service vessels and drilling operators. The power generation market was stable, benefiting from major generator set upgrades and parts sales for both domestic and international power generation customers.



Charles Billiot rebuilds high-speed diesel engine cylinder heads. Kirby Engine Systems provides service and parts through 13 locations along the Gulf Coast, East Coast, West Coast and in the Midwest.

Kirby Engine Systems

Kirby Engine Systems is a nationwide marine and power generation diesel engine services remanufacturer and OEM replacement parts provider for medium-speed and high-speed diesel engines. We service ancillary products including reduction gears, transmissions, starters, governors, marine clutches, safety-related products and heat exchangers/separators, and we sell new engines. We provide in-house and worldwide in-field service in support of our domestic and international marine and power generation customers' day-to-day operations.

The principal medium-speed diesel engines we service are manufactured by Electro-Motive Diesel, Inc. (EMD). We have a 49-year relationship with EMD, serving as both an EMD distributor and a service center for select markets and locations, providing service and parts.

The principal high-speed diesel engines we service are manufactured by Caterpillar, Cummins, MTU Detroit Diesel and John Deere.

Strengths

We have long-term distributorships, dealerships and contract service center relationships with major manufacturers of medium-speed and high-speed diesel engines, reduction gears and ancillary products. Further, we offer preferential service agreements with operators of diesel-powered marine equipment.

Our team provides factory-trained and -authorized project engineers, mechanics and machinists through 13 strategically located service and parts facilities along the Gulf Coast, East Coast, West Coast and in the Midwest.



Markets

Marine: Medium-speed and high-speed diesel engines and ancillary products for inland, coastal and offshore barge operators, harbor docking operators, Great Lakes ore carriers, offshore commercial fishing fleets, dredging companies, offshore drilling companies, offshore oil service company vessels, coastal ferries and United States government vessels.

Power Generation: Medium-speed diesel engines, ancillary products, safety-related products used in standby, peak and base load power generation, and generator set upgrades for domestic and international utilities, domestic municipalities and the worldwide nuclear power industry.

Service Locations

Medium-Speed Diesel Engines

Houma, LA
Paducah, KY
Rocky Mount, NC
Chesapeake, VA
Seattle, WA
Tampa, FL

High-Speed Diesel Engines

Houma, LA
Baton Rouge, LA
Belle Chasse, LA
New Iberia, LA
Mobile, AL
Thorofare, NJ
Houston, TX

Manufacturer Relationships

Medium-Speed Diesel Engines

Electro-Motive Diesel, Inc. (EMD)
Cooper-Bessemer & Enterprise Engines
Nordberg

High-Speed Diesel Engines

Caterpillar Cummins
MTU Detroit Diesel John Deere

Ancillary Products

Allison Transmission (transmissions)
Falk Corporation (reduction gears)
Ingersoll-Rand (starters)
Woodward (governors)
Oil States Industries (marine clutches)
Alfa Laval (heat exchangers/separators)
Lufkin (gears)



Herbie Ackman adjusts rocker arm assemblies on a Caterpillar 3512 marine propulsion engine. Kirby Engine Systems serves as a factory-authorized marine dealer for Caterpillar diesel engines in Louisiana, Alabama, Kentucky, New Jersey and Texas.

United Holdings

Services Offered

United Holdings provides factory-trained and -authorized mechanics to overhaul and repair high-speed diesel engines and transmissions, sells new engines, transmissions and OEM replacement parts, and provides both in-house and in-field service capabilities.

We are a key partner with our customers in the areas of remanufacturing and service for the pressure pumping market. We design, manufacture and rebuild a range of oilfield service equipment, including frac pumps, blenders, hydration units, nitrogen pumpers, cementers and coil tubing support equipment.

We also design and manufacture air and natural gas compression equipment to support gas production, transmission and gathering systems.

Strengths

With an estimated 19.5 million horsepower of pressure pumping units (approximately 9,000 units) operating in North America, we focus on the remanufacture of existing pressure pumping units, as well as the manufacture of new units and other oilfield service equipment.

We have long-standing regional distributorships with high-speed diesel engine manufacturers and serve as a distributor for Allison Transmission.

Through 20 strategic locations across seven states, we have developed well-established customer relationships with oilfield service providers, oil and gas operators and producers, and compression companies.



Markets

Service and Distribution: Service and distribution facilities are centered in the United States shale production regions and transportation corridors. Drivers are the engines, transmissions and existing oilfield service equipment, particularly pressure pumping units, used in the development of United States shale formations, and engines used in the transportation, power generation, agriculture and construction industries.

Manufacturing: We manufacture a wide range of oilfield service equipment supporting the development of the North American shale oil and gas market. Equipment includes pressure pumping units and supporting equipment, as well as cementers and coil tubing support equipment. Market also includes the manufacture of customized compression systems for the production, storage and pipeline transportation of natural gas.


Locations

Manufacturing
Oklahoma City, OK (6 locations)
Henderson, CO

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

Manufacturer Relationships

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



A new pressure pumping unit manufactured at United Holdings' Oklahoma City facility. United Holdings manufactures and remanufactures oilfield service equipment, including pressure pumping units, nitrogen pumps, cementers, hydration equipment, mud pumps and blenders.

Board of Directors

Richard J. Alario^{1,3}
Chairman, President and CEO of
Key Energy Services, Inc.
Director since 2011

C. Sean Day^{2,3}
Chairman of Teekay Corporation
Director since 1996

Bob G. Gower^{1,2}
Retired Chairman of Lyondell
Petrochemical Company
Director since 1998

David W. Grzebinski
President and Chief Executive Officer
of Kirby
Director since 2014

William M. Lamont, Jr.²
Private Investor
Director since 1979

Monte J. Miller^{2,3}
Retired Executive Vice President,
Chemicals, of Flint Hills Resources, LP
Director since 2006

Joseph H. Pyne
Chairman of the Board of Kirby
Director since 1988

Richard R. Stewart¹
Retired President and CEO of
GE Aero Energy
Director since 2008

William M. Waterman³
Retired President and CEO of
Penn Maritime Inc.
Director since 2012

¹ Audit Committee

² Compensation Committee

³ Governance Committee

Officers

Kirby Corporation

Joseph H. Pyne
Chairman of the Board

David W. Grzebinski
President and
Chief Executive Officer

C. Andrew Smith
Executive Vice President and
Chief Financial Officer

William G. Ivey
President—
Marine Transportation Group

Joseph H. Reniers
Senior Vice President,
Diesel Engine Services and
Marine Facility Operations

Ronald A. Dragg
Vice President and Controller

Mark K. Forbes
Vice President—Human Resources

Amy D. Husted
Vice President—Legal

David R. Mosley
Vice President and
Chief Information Officer

Renato A. Castro
Treasurer

Thomas G. Adler
Secretary

Marine Transportation Group

Kirby Inland Marine, LP

William G. Ivey
President

James C. Guidry
Executive Vice President—
Vessel Operations

Christian G. O'Neil
Executive Vice President—
Commercial Operations

Mel R. Jodeit
Executive Vice President—
Marketing

John E. Russell
Senior Vice President—Sales

John W. Sansing, Jr.
Senior Vice President—
Maintenance

William M. Withers
Senior Vice President—Sales

Stephen C. Butts
Vice President—Sales

Patrick C. Kelly
Vice President—Sales

Richard C. Northcutt
Vice President—Sales and
Horsepower Management

Lester A. Parker
Vice President—River Vessel
Operations

Cliff R. Stanich
Vice President—Sales

Thomas H. Whitehead
Vice President—Sales

Carl R. Whitlatch
Vice President and Controller

Kirby Offshore Marine, LLC

James F. Farley
President

James C. Guidry
Executive Vice President—
Vessel Operations

Christian G. O'Neil
Executive Vice President—
Commercial Operations

John W. Sansing, Jr.
Senior Vice President—
Maintenance

William M. Withers
Senior Vice President—Sales

Charles R. Ferrer, Jr.
Vice President—Sales

John T. Hallmark
Vice President—Sales

William L. Oppenheimer
Vice President—Maintenance

C. Linn Peterson
Vice President—Vessel Operations

Carl R. Whitlatch
Vice President and Controller

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

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

Michael W. Coulter
President

Derek C. Coffie
Vice President—Finance and
Controller

Ronnie E. Stover
Vice President—Sales

Kirk K. Waite
Chief Accounting Officer

United Engines

David L. Tonne
Vice President—Aftermarket

UE Manufacturing

Christopher J. Rinehart
Vice President—Engineered
Products

Gregory L. Culp
Vice President

UE Compression

G. Keith Kern
Vice President

Thermo King of Houston

Jason K. Robison
Vice President

Shareholder Information

Annual Meeting

The 2015 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 28, 2015.

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) 575-2879
Web site: www.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 Mary E. Tucker, Assistant Controller, 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 9, 2015, there were 55,703,000 common shares outstanding held by approximately 800 registered shareholders. The number of registered shareholders does not reflect the number of beneficial owners of common stock.

Common Stock Market Price

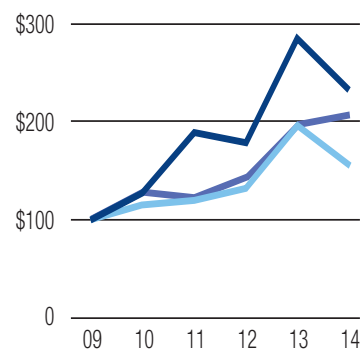
	Sales Price	
	High	Low
2015		
First Quarter (through March 9, 2015)	\$ 82.91	\$ 70.89
2014		
First Quarter	\$106.93	\$ 92.86
Second Quarter	\$117.18	\$ 96.00
Third Quarter	\$124.12	\$114.11
Fourth Quarter	\$117.78	\$ 78.84
2013		
First Quarter	\$ 78.04	\$ 61.41
Second Quarter	\$ 82.84	\$ 71.44
Third Quarter	\$ 89.19	\$ 79.15
Fourth Quarter	\$ 99.41	\$ 82.16

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 **Mary E. Tucker, Assistant Controller, at Kirby's corporate headquarters, e-mail Mary.Tucker@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, 2009, in stock or index, including reinvestment of dividends.
Fiscal year ended December 31.



	12/09	12/10	12/11	12/12	12/13	12/14
Kirby Corporation	100.00	126.47	189.03	177.69	284.96	231.81
Russell 2000	100.00	126.86	121.56	141.43	196.34	205.95
Dow Jones US Marine Transportation	100.00	114.31	119.25	131.43	195.54	155.17

■ Kirby Corporation ■ Russell 2000 ■ Dow Jones US Marine Transportation



Kirby Corporation

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