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 March 31, 1998

[ ] 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 May 6, 1998 was 21,393,764.

PART 1 - FINANCIAL INFORMATION

KIRBY CORPORATION AND CONSOLIDATED SUBSIDIARIES

CONDENSED BALANCE SHEETS
(Unaudited)

ASSETS

	March 31, 1998	December 31, 1997
	($ in thousands)	
Current assets:		
Cash and cash equivalents	$ 1,214	2,043
Available-for-sale securities	22,324	21,773
Receivables:		
Trade, net of allowance for doubtful accounts	60,198	70,137
Insurance claims and other	13,184	14,458
Inventories	16,164	14,875
Prepaid expenses and other current assets	5,183	7,359
Deferred income taxes	1,061	1,468
Current assets of discontinued operations	--	3,684
Total current assets	119,328	135,797
Property and equipment, at cost	476,943	471,019
Less accumulated depreciation	204,843	198,635
	272,100	272,384
Investments in affiliates:		
Insurance affiliate	45,779	45,320
Marine affiliates	15,787	16,256
	61,566	61,576
Excess cost of consolidated subsidiaries, net of accumulated amortization	6,495	6,652
Sundry	4,418	4,562
Long-term assets of discontinued operations	--	36,988
	$463,907	517,959

See accompanying notes to condensed financial statements.

KIRBY CORPORATION AND CONSOLIDATED SUBSIDIARIES

CONDENSED BALANCE SHEETS
(Unaudited)

LIABILITIES AND STOCKHOLDERS' EQUITY

	March 31, 1998	December 31, 1997
	($ in thousands)	
Current liabilities:		
Current portion of long-term debt	$ 5,333	5,333
Income taxes payable	6,880	4,319
Accounts payable	20,821	26,712
Accrued liabilities	52,932	54,193
Deferred revenues	2,462	5,046
Total current liabilities	88,428	95,603
Long-term debt, less current portion	170,802	149,485
Deferred income taxes	49,478	48,409
Other long-term liabilities	6,241	6,193
	226,521	204,087
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	158,400	159,016
Accumulated other comprehensive income	472	572
Retained earnings	141,985	136,945
	303,948	299,624
Less cost of 9,515,000 shares in treasury (6,619,000 at December 31, 1997)	154,990	81,355
	148,958	218,269
	$463,907	517,959

See accompanying notes to condensed financial statements.

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

	Three months ended March 31, 1998	Three months ended March 31, 1997
	($ in thousands, except per share amounts)	
Revenues:		
Marine transportation	$ 59,397	59,343
Diesel repair	22,858	20,545
Investment income and other	457	393
Gain (loss) on disposition of assets	36	(17)
	82,748	80,264
Costs and expenses:		
Costs of sales and operating expenses	54,712	54,787
Selling, general and administrative	9,576	10,053
Taxes, other than on income	1,981	1,748
Depreciation and amortization	6,830	7,164
	73,099	73,752
Operating income	9,649	6,512
Equity in earnings of insurance affiliate	494	401
Equity in earnings of marine affiliates	716	863
Interest expense	(2,767)	(3,374)
Earnings from continuing operations before taxes on income	8,092	4,402
Provision for taxes on income	(3,052)	(1,780)
Net earnings from continuing operations	5,040	2,622
Earnings from discontinued operations, net of taxes on income	--	2,117
Net earnings	$ 5,040	4,739
Net earnings per share of common stock:		
Basic:		
Continuing operations	$ .21	.11
Discontinued operations	--	.08
Net earnings	$ .21	.19
Diluted:		
Continuing operations	$ .21	.11
Discontinued operations	--	.08
Net earnings	$ .21	.19

See accompanying notes to condensed financial statements.

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

	Three months ended March 31, 1998	1997
	($ in thousands)	
Cash flows from operating activities:		
Net earnings	$ 5,040	4,739
Adjustments to reconcile net earnings to net cash provided by continuing operations:		
Income from discontinued operations	--	(2,117)
Depreciation and amortization	6,830	7,164
Provision for deferred income taxes	2,288	880
(Gain) loss on disposition of assets	(36)	17
Deferred scheduled maintenance costs	1,171	1,803
Equity in earnings of insurance affiliate, net of redemption	(494)	1,599
Equity in earnings of marine affiliates, net of distributions and contributions	469	176
Other	8	--
Increase in cash flows resulting from changes in operating working capital	5,019	(3,275)
Net cash provided by operating activities of continuing operations	20,295	10,986
Net cash provided by operating activities of discontinued operations	276	4,802
Net cash provided by operating activities	20,571	15,788
Cash flows from investing activities:		
Proceeds from sale and maturities of investments	1,034	1,935
Purchase of investments	(1,703)	(2,205)
Capital expenditures	(6,199)	(6,246)
Proceeds from disposition of assets	77	750
Proceeds from disposition of business	38,600	--
Investing activities of discontinued operations	(275)	(112)
Net cash provided by (used in) investing activities	31,534	(5,878)
Cash flows from financing activities:		
Borrowings (payments) on bank revolving credit agreements, net	21,400	(15,100)
Increase in long-term debt	--	50,000
Payments on long-term debt	(83)	(34,000)
Purchase of treasury stock	(75,740)	(10,608)
Proceeds from exercise of stock options	1,489	983
Net cash used in financing activities	(52,934)	(8,725)
Increase (decrease) in cash and cash equivalents	(829)	1,185
Cash and cash equivalents, beginning of year	2,043	1,544
Cash and cash equivalents, end of period	$ 1,214	2,729
Supplemental disclosures of cash flow information:		
Cash paid during the period:		
Interest	$ 567	1,550
Income taxes	$ 33	294

See accompanying notes to condensed financial statements.

KIRBY CORPORATION AND CONSOLIDATED SUBSIDIARIES

NOTES TO CONDENSED FINANCIAL STATEMENTS

In the opinion of management, the accompanying unaudited condensed financial statements of Kirby Corporation and consolidated subsidiaries (the "Company") contain all adjustments (consisting of only normal recurring accruals) necessary to present fairly the financial position as of March 31, 1998 and December 31, 1997, and the results of operations for the three months ended March 31, 1998 and 1997.

(1) BASIS FOR PREPARATION OF THE CONDENSED FINANCIAL STATEMENTS

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

(2) ADOPTION OF ACCOUNTING STANDARDS

Effective January 1, 1998, the Company adopted Statement of Financial Accounting Standards ("SFAS") No. 130, "Reporting Comprehensive Income," which establishes standards for reporting and display of comprehensive income and its components in a full set of financial statements. Comprehensive income includes all changes in a company's equity, including, among other things, foreign currency translation adjustments, notes receivable from employee stock ownership plans, deferred gains (losses) on hedging activities, and unrealized gains (losses) on marketable securities classified as available-for-sale. The Company's total comprehensive earnings for the three months ended March 31, 1998 and 1997 were as follows (in thousands):

	Three months ended March 31,	
	1998	1997
Net earnings from continuing operations	$ 5,040	2,622
Net earnings from discontinued operations	--	2,117
Net earnings	5,040	4,739
Unrealized loss on marketable securities	(100)	(819)
Total comprehensive earnings	$ 4,940	3,920

SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information" ("SFAS No. 131"), issued in June 1997, establishes standards for reporting information about operating segments in annual financial statements and requires that enterprises report selected information about operating segments in interim reports issued to shareholders. SFAS No. 131 will be adopted by the Company in 1998. The adoption of SFAS No. 131 is not expected to have a material impact on the Company's financial condition or results of operations.

KIRBY CORPORATION AND CONSOLIDATED SUBSIDIARIES

NOTES TO CONDENSED FINANCIAL STATEMENTS - (Continued)

(3) DISCONTINUED OPERATIONS

On March 16, 1998, the Company announced the completion of the sale of its U.S. flag product tanker and harbor service operations for $38,600,000 in cash. Under the terms of a purchase agreement dated January 28, 1998, Kirby sold two tankers and its harbor service operations to Hvide Marine Incorporated and five tankers were sold to August Trading Company, Inc.

The offshore tanker and harbor service operations' financial results were accounted for as discontinued operations as of December 31, 1997, and previously reported financial statements were restated to reflect the discontinuation of the operations. The Company recorded an estimated net loss of $3,966,000 as of December 31, 1997 from the sale of the tanker and harbor service operations, and such results included a provision for operations during the phase-out period, January 1, 1998 through the date of sale.

(4) TAXES ON INCOME

Earnings from continuing operations before taxes on income and details of the provision for taxes on income from continuing operations for United States and Puerto Rico operations for the three months ended March 31, 1998 and 1997 were as follows (in thousands):

	Three months ended March 31,	
	1998	1997
Earnings before taxes on income:		
United States	$7,598	4,001
Puerto Rico	494	401
	$8,092	4,402
Provision for taxes on income:		
United States:		
Current	$ 505	536
Deferred	2,288	865
State and local	259	179
	3,052	1,580
Puerto Rico - Current	--	200
	$3,052	1,780

KIRBY CORPORATION AND CONSOLIDATED SUBSIDIARIES

NOTES TO CONDENSED FINANCIAL STATEMENTS - (Continued)

(4) TAXES ON INCOME, Continued

Earnings from discontinued operations before taxes on income and details of the provision for taxes on income from United States discontinued operations for the three months ended March 31, 1997 were as follows (in thousands):

	Three months ended March 31, 1997
Earnings before taxes on income:	$ 3,261
Provision (credit) for taxes on income:	
United States:	
Current	$ 1,191
Deferred	(38)
State and local	(9)
	$ 1,144

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.

In March 1998, the Company completed the sale of its offshore tanker and harbor service operations. In accordance with a definitive purchase agreement dated January 28, 1998, the Company sold two tankers and its harbor service operation to Hvide Marine Incorporated and five tankers to August Trading Company, Inc., for a combined purchase price of $38,600,000 in cash. The offshore tanker and harbor service operations' financial results have been accounted for as discontinued operations as of December 31, 1997, and previously reported financial statements have been restated to reflect the discontinuation of the operations. Such financial results as of December 31, 1997 included a provision for operations during the phase-out period, January 1, 1998 through the date of sale.

The Company is a provider of marine transportation services, operating a fleet of 532 inland tank barges and 127 inland towing vessels, transporting industrial chemicals and petrochemicals, refined petroleum products and agricultural chemicals along the United States inland waterways. The Company's marine transportation operation also includes a United States coastwise barge operation, with two liquid and one dry bulk barge and tug units. The Company also serves as managing partner of a 35% owned offshore marine partnership, consisting of four dry bulk barge and tug units, and as managing partner of a 50% owned offshore marine partnership, consisting of one dry bulk barge and tug unit. The partnerships are accounted for under the equity method of accounting.

The Company is engaged through its diesel repair segment in the overhaul and servicing of large medium-speed diesel engines employed in marine, power generation and rail applications. The Company also has a 45% voting common stock investment in Universal Insurance Company ("Universal"), accounted for under the equity method of accounting.

RESULTS OF CONTINUING OPERATIONS

The Company reported net earnings from continuing operations of $5,040,000, or $.21 per share, on revenues of $82,748,000 for the 1998 first quarter, compared with net earnings from continuing operations of $2,622,000, or $.11 per share, on revenues of $80,264,000 for the 1997 first quarter. For comparative purposes, net earnings for the 1997 first quarter were $4,739,000, or $.19 per share, including net earnings from discontinued operations of $2,117,000, or $.08 per share, on revenues of $18,651,000. For purposes of this Management's Discussion, all earnings per share amounts presented are "Diluted Earnings Per Share."

KIRBY CORPORATION AND CONSOLIDATED SUBSIDIARIES

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

The following table sets forth the Company's revenues from continuing operations and percentage of such revenues for the three months ended March 31, 1998 compared with the three months ended March 31, 1997 (dollars in thousands):

	Three months ended March 31,					
	1998		1997		Increase (decrease)	
	Amounts	%	Amounts	%	Amounts	%
Revenues:						
Marine transportation	$59,397	72%	$59,343	74%	$ 54	--%
Diesel repair	22,858	28	20,545	26	2,313	11
Other income	493	--	376	--	117	31
	$82,748	100%	$80,264	100%	$ 2,484	3%

Revenues from the marine transportation segment reflected a relatively flat 1998 first quarter compared with the first quarter of 1997. However, the 1997 first quarter included transportation revenues of $2,478,000 from AFRAM Carriers, Inc. ("AFRAM"), the Company's U.S. flag offshore break-bulk freighter subsidiary, which ceased operations in September and October 1997 with the scrappage of the subsidiary's last two freighters.

The Company's 1997 first quarter was also negatively impacted by high water and flooding conditions which existed for the majority of the quarter on the upper Mississippi River and the Ohio River. The flooding resulted in river closures in selected areas for numerous days and mandated regulatory operating restrictions. During the month of March 1997, the lower Mississippi River, the Company's principal area of operations, experienced high water not seen in such severity since 1983. The Company estimated its first quarter 1997 revenue loss at $2,600,000 from the impact of the flooding. For the 1998 first quarter, flooding conditions were relatively modest.

During the 1998 first quarter, chemical and petrochemical volumes were positive. Refined product volumes were soft, primarily due to seasonality, and liquid fertilizer volumes were also soft, partially due to seasonality and partially to high inventory levels, which delayed the spring filling of storage facilities. Spot market rates continue to reflect a modest increase quarter to quarter and contracts renewed during the 1998 first quarter were generally renewed at higher rates.

The diesel repair segment's revenues for the 1998 first quarter reflected an 11% improvement compared with the 1997 first quarter. Business was positive all across the diesel repair segment spectrum. The Gulf Coast market remained strong due to the continued enhanced drilling activities and related oil service activities in the Gulf of Mexico. The Midwest market was enhanced with activities from Great Lakes customers and engine repairs for inland river customers. The East Coast market benefited from large engine rebuilds currently in progress, while the West Coast market improved due to enhanced relationships with non-fishing industry customers. The diesel repair segment's 1997 first quarter was negatively impacted by the flooding on the Mississippi River System, as the Midwest inland towing companies deferred engine maintenance and overhauls.

KIRBY CORPORATION AND CONSOLIDATED SUBSIDIARIES

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

The following table sets forth the costs and expenses and percentage of each for the three months ended March 31, 1998 compared with the three months ended March 31, 1997 (dollars in thousands):

	Three months ended March 31,					
	1998		1997		Increase (decrease)	
	Amounts	%	Amounts	%	Amounts	%
Costs and expenses:						
Costs of sales and operating expenses	$54,712	75%	$54,787	74%	$ (75)	--%
Selling, general and administrative	9,576	13	10,053	14	(477)	(5)
Taxes, other than on income	1,981	3	1,748	2	233	13
Depreciation and amortization	6,830	9	7,164	10	(334)	(5)
	$73,099	100%	$73,752	100%	$ (653)	(1)%

Costs of sales and operating expenses for the 1998 first quarter remained relatively constant compared with the first quarter of 1997. The prior year first quarter included costs and expenses associated with the revenues generated by AFRAM, whose vessels were scrapped in September and October 1997, and higher costs and expenses associated with the flooding on the Mississippi River. The 1998 first quarter reflected higher expenses for the diesel repair segment associated with the 11% improvement in revenues.

Selling, general and administrative expenses decreased 5% in the 1998 first quarter compared with the first quarter of 1997. The decrease reflects savings in administrative expenses in the Company's diesel repair segment due to reorganization efforts and the elimination of unprofitable business lines. To a lesser degree, the decrease reflects the savings from the marine transportation segment's costs reduction program implemented in late 1996 and is ongoing. The program was designed to reduce administrative costs and improve operating efficiencies.

The 13% increase in taxes, other than on income was primarily attributable to higher waterway use tax on inland operations based on ton miles moved and higher property taxes on marine vessels.

KIRBY CORPORATION AND CONSOLIDATED SUBSIDIARIES

Management's Discussion and Analysis of
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The following table sets forth the operating income and operating margins by segment for the three months ended March 31, 1998 compared with the three months ended March 31, 1997 (dollars in thousands):

	Three months ended March 31,				Increase (decrease)	
	1998		1997			
	Operating income (loss)	Operating margin	Operating income (loss)	Operating margin	Amounts	%
Marine transportation	$ 8,144	13.7%	$ 5,717	9.6%	$ 2,427	42%
Diesel repair	2,173	9.5%	1,547	7.5%	626	40
Corporate	(1,161)		(1,128)		(33)	(3)
	$ 9,156		$ 6,136		$ 3,020	49%

The following table sets forth the equity in earnings of affiliates and interest expense for the three months ended March 31, 1998 compared with the three months ended March 31, 1997 (dollars in thousands):

	Three months ended March 31,		Increase (decrease)	
	1998	1997	Amount	%
Equity in earnings of insurance affiliate	$ 494	$ 401	$ 93	23%
Equity in earnings of marine affiliates	$ 716	$ 863	$ (147)	(17)%
Interest expense	$ (2,767)	$ (3,374)	$ (607)	(18)%

The Company currently has a 45% voting common stock investment in Universal. Accounted for under the equity method of accounting, the amount recorded by the Company as equity in earnings for the Company's investment in Universal is influenced to the extent that anticipated future redemptions by Universal of its common stock exceeds the Company's investment in Universal's stock. The Company also has a 100% investment in Universal's nonvoting preferred stock. Because the preferred stock controls a separate portfolio of U.S. Treasury Securities, the Company accounts for this preferred stock under SFAS 115. Therefore, the interest earned, as well as the realized gains from the sale of U.S. Treasury Securities collateralizing the preferred stock, are included as part of equity in earnings of the insurance affiliate. For the 1998 and 1997 first quarters, the Company recorded $259,000 and $251,000, respectively, of interest earned from its investment in U.S. Treasury Securities.

Equity in earnings of marine affiliates reflected a 17% decrease for the 1998 first quarter compared with the 1997 first quarter. The offshore marine partnerships vessels were fully employed during each comparable quarter, with the exception of one offshore barge and tug unit, which, during the 1998 first quarter, was in the shipyard for 15 days and idle for 30 days of the quarter.

KIRBY CORPORATION AND CONSOLIDATED SUBSIDIARIES

Management's Discussion and Analysis of
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Interest expense reflected an 18% decrease for the 1998 first quarter compared with the first quarter of 1997. During the 1998 first quarter, excess cash flow from operations and $38,600,000 in cash proceeds from the sale of the offshore tanker and harbor service operations were used to pay down the Company's bank revolving line of credit. The Company also benefited from lower interest rates on the bank revolving line of credit. The Company's interest expense did increase in mid-March 1998, with the increase in the bank revolving line of credit to finance the "Dutch Auction" self-tender offer discussed below.

FINANCIAL CONDITION, CAPITAL RESOURCES AND LIQUIDITY

BALANCE SHEET

Total assets as of March 31, 1998 were $463,907,000, a decrease of 10% compared with $517,959,000 as of December 31, 1997. The following table sets forth the significant components of the balance sheet as of March 31, 1998 compared with December 31, 1997 (dollars in thousands):

	March 31, 1998	December 31, 1997	Increase (decrease) Amount	%
Assets:				
Current assets	$ 119,328	$ 135,797	$ (16,469)	(12)%
Property and equipment, net	272,100	272,384	(284)	--
Investments in affiliates	61,566	61,576	(10)	--
Long-term assets of discontinued operations	--	36,988	(36,988)	(100)
Other assets	10,913	11,214	(301)	(3)
	$ 463,907	$ 517,959	$ (54,052)	(10)%
Liabilities and stockholders' equity:				
Current liabilities	$ 88,428	$ 95,603	$ (7,175)	(8)%
Long-term debt	170,802	149,485	21,317	14
Deferred taxes	49,478	48,409	1,069	2
Other long-term liabilities	6,241	6,193	48	1
Stockholders' equity	148,958	218,269	(69,311)	(32)
	$ 463,907	$ 517,959	$ (54,052)	(10)%

As of March 31, 1998, working capital decreased to $30,900,000, a 23% decrease compared with $40,194,000 at December 31, 1997. The decrease was primarily attributable to the sale of the discontinued tanker and harbor service property and equipment in mid-March 1998. Trade accounts receivable decreased 14%, reflecting the sale of the offshore operations. Inventories increased 9%, the result of higher inventory levels at the Company's diesel repair facilities to service the overall improving market. Accounts payable decreased 22%, primarily reflecting the discontinued operations sold in mid-March 1998.

The available-for-sale securities of $22,324,000 at March 31, 1998 and $21,773,000 at December 31, 1997 were investments of Oceanic Insurance Limited, the Company's wholly owned captive insurance subsidiary.

KIRBY CORPORATION AND CONSOLIDATED SUBSIDIARIES

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Long-term debt, less current portion, increased 14% to $170,802,000 at March 31, 1998 compared with $149,485,000 at December 31, 1997. The significant increase reflects the borrowing to finance the Company's Dutch Auction self-tender offer to purchase shares of common stock, more fully described below, net of the $38,600,000 of cash received from the sale of the offshore tanker and harbor service operations.

Stockholders' equity as of March 31, 1998 decreased 32% during the 1998 first quarter, reflecting the Company's purchase of 3,066,922 shares of its common stock at a total purchase price of $75,740,000 under the Dutch Auction self-tender offer, more fully described below. As of March 31, 1998, the Company had 9,515,000 shares of common stock in its treasury.

LONG-TERM FINANCING

The Company has a $100,000,000 revolving credit agreement (the "Credit Agreement") with Chase Bank of Texas, N.A., as agent bank. Effective January 30, 1998, the Credit Agreement was amended to provide a one-time allowance for the disposition of assets at the subsidiary level. The amendment also modified the minimum net worth covenant and fixed charge calculation. Proceeds under the Credit Agreement may be used for general corporate purposes, the purchase of existing or new equipment, the purchase of the Company's common stock, or for possible business acquisitions. As of March 31, 1998, $54,000,000 was outstanding under the Credit Agreement.

TREASURY STOCK PURCHASES

On March 23, 1998, the Company purchased 3,066,922 shares of its common stock under a Dutch Auction self-tender offer at a price of $24.50 per share. The Company announced the self-tender offer on February 17, 1998, expressing its intentions to purchase up to 3,000,000 shares of its common stock at a purchase price ranging from $21.00 to $24.50 per share. The tender offer expired on March 16, 1998.

The Company elected to increase the size of the 3,000,000 share tender offer and to accept all shares tendered at a price of $24.50 per share. The 3,066,922 shares purchased represented approximately 12.6% of the Company's common stock outstanding immediately prior to the offer. Funding of the tender offer was from the Company's Credit Agreement.

The Company, as of May 5, 1998, has 1,814,000 shares available under its Board of Directors' 6,250,000 total open market stock repurchase authorization. The Company has not purchased any shares to date during 1998 under its open market stock 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 in the open market, 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.

KIRBY CORPORATION AND CONSOLIDATED SUBSIDIARIES

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

LIQUIDITY

The Company generated net cash provided by operating activities of continuing operations of $20,295,000 and $10,986,000 for the three months ended March 31, 1998 and 1997, respectively, reflecting a $8,294,000 change in operating working capital. The Company accounts for its ownership in Universal and its ownership in its 35% and 50% owned marine partnerships under the equity method of accounting. It recognizes cash flow from Universal only upon receipt of an actual distribution or redemption and cash flow from the marine partnerships upon the receipt or disbursement of cash from the partnerships. During the 1997 first quarter, the Company received $2,000,000 from Universal. For the 1998 and 1997 first quarters, the Company received cash from the marine partnerships of $1,185,000 and $1,039,000, respectively.

Funds generated are available for capital construction projects, treasury stock repurchases, asset acquisitions, repayment of borrowings associated with treasury stock acquisitions or asset acquisitions and for other operating requirements. In addition to its net cash flow provided by operating activities, the Company also has available as of May 5, 1998, $40,000,000 under its 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 $5,333,000.

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, while the transportation assets acquired and accounted for using the purchase method of accounting were adjusted to a fair market value and, therefore, the cumulative long-term effect of inflation was reduced. The repair portion of the diesel repair segment is based on prevailing current market rates. The Company does not presently use financial derivatives, but uses a mix of floating and fixed rate debt. The Company has no foreign exchange risks.

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

YEAR 2000

Historically, most computer systems utilized software that processed transactions using two digits to represent the year of the transaction (i.e. 97 represents the year 1997). This software needs to be modified to properly process dates beyond December 31, 1999 (the "Year 2000 Issue"). In the first quarter of 1998, the Company completed its assessment of the Year 2000 Issue and determined that no additional significant modifications or replacements of its software were required. The Company utilizes both internally and externally supported software and relies upon certain vendor enhancements yet to be implemented to effect the Year 2000 Issue compliance. The Company presently believes that these modifications to existing software and conversions to new software will mitigate the Year 2000 Issue for its software.

There can be no guarantee that the systems of other companies, on which the Company's systems rely, will be timely converted, or that a failure to convert by another company, or a conversion that is incompatible with the Company's systems, would not have a material adverse effect on the Company.

KIRBY CORPORATION AND CONSOLIDATED SUBSIDIARIES

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

CONTINGENCIES

On April 3, 1998, an organization identified as Pilots Agree called for a work stoppage by vessel captains and pilots against the inland towing companies' operating vessels on the inland waterway system of the United States. Pilots Agree, an organization claiming to represent vessel wheelhouse personnel, is asking for a substantial increase in pay. The work stoppage has had a minimal impact on the Company's inland transportation operations.

ACCOUNTING STANDARDS

SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information," issued in June 1997, establishes standards for reporting information about operating segments in annual financial statements and requires that enterprises report selected information about operating segments in interim reports issued to shareholders. SFAS No. 131 will be adopted in 1998. The adoption of SFAS No. 131 is not expected to have a material impact on the Company's financial condition or results of operations.

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, 1997.

Item 4. Results of Votes of Security Holders

(a) The Registrant held its Annual Meeting of Stockholders on April 21, 1998.

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

Directors elected were George F. Clements, Jr., C. Sean Day, Bob G. Gower, William M. Lamont, Jr., George A. Peterkin, Jr., J. H. Pyne, Robert G. Stone, Jr., Thomas M. Taylor and J. Virgil Waggoner. No other directors previously in office continued as a director or continued in office after the meeting.

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:

The Company filed a report on Form 8-K dated March 25, 1998 reporting the sale of two offshore tankers, land, facilities and its harbor service operations to Hvide Marine Incorporated and five offshore tankers to Sabine Transportation Corporation (an Iowa Corporation) for an aggregate $38,600,000 in cash.

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: May 6, 1998

EXHIBIT INDEX

EXHIBIT NUMBER	DESCRIPTION
11.0	Computation of Earnings per Common Share.
27.0	Financial Data Schedule.

EXHIBIT 11.0

KIRBY CORPORATION AND CONSOLIDATED SUBSIDIARIES

COMPUTATION OF EARNINGS PER COMMON SHARE

	Three months ended March 31, 1998	1997
	(in thousands, except per share amounts)	
Net earnings from continuing operations	$ 5,040	2,622
Net earnings from discontinued operations	--	2,117
Net earnings	$ 5,040	4,739
Basic earnings per share:		
Weighted average number of common shares outstanding	24,051	24,604
Basic earnings per share from continuing operations	$ .21	.11
Basic earnings per share from discontinued operations	--	.08
Basic earnings per share	$ .21	.19
Diluted earnings per share:		
Weighted average number of common shares outstanding	24,051	24,604
Dilutive shares applicable to stock options	296	209
Shares applicable to diluted earnings	24,347	24,813
Diluted earnings per share from continuing operations	$ .21	.11
Diluted earnings per share from discontinued operations	--	.08
Diluted earnings per share	$ .21	.19

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

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3-MOS
DEC-31-1998
MAR-31-1998
1,214
22,324
74,370
988
16,164
119,328
476,943
204,843
463,907
88,428
170,802
0
0
3,091
145,867
463,907
17,199
82,748
12,570
54,712
18,387
26
2,767
8,092
3,052
5,040
0
0
0
5,040
.21
.21