KIRBY CORP
Form S-4
May 04, 2011

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As filed with the Securities and Exchange Commission on May 4, 2011
Registration No. 333

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form S-4
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

KIRBY CORPORATION
(Exact name of Registrant as Specified in its Charter)

Nevada	**4400**	**74-1884980**
(State or other jurisdiction of incorporation)	*(Primary Standard Industrial Classification Code Number)*	*(I.R.S. Employer Identification Number)*

55 Waugh Drive, Suite 1000
Houston, Texas 77007
(Address, including Zip Code, and Telephone Number, including Area Code, of Registrant s Principal Executive Offices)

David W. Grzebinski
Executive Vice President and Chief Financial Officer
Kirby Corporation
55 Waugh Drive, Suite 1000
Houston, Texas 77007
(713) 435-1000
(Name, Address, including Zip Code, and Telephone Number, including Area Code, of Agent for Service)

With a copy to:

Thomas G. Adler, Esq. **Bryn A. Sappington, Esq.** **Fulbright & Jaworski L.L.P.** **2200 Ross Avenue, Suite 2800** **Dallas, Texas 75201-2784** **(214) 855-8000**	**Timothy J. Casey** **K-Sea Transportation Partners L.P.** **One Town Center Boulevard, 17th Floor** **East Brunswick, New Jersey 08816** **(732) 339-6140**	**Sean T. Wheeler, Esq.** **Michael E. Dillard, Esq.** **Latham & Watkins LLP** **717 Texas Avenue, Suite 1600** **Houston, Texas 77002** **(713) 546-5400**

Approximate date of commencement of the proposed sale of the securities to the public: As soon as practicable after this Registration Statement becomes effective and upon completion of the merger described in the enclosed proxy statement/prospectus.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. o

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act of 1933, as amended, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer þ	Accelerated filer o	Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered(1)	Proposed Maximum Offering Price per Share	Proposed Maximum Aggregate Offering Price(2)	Amount of Registration Fee(3)
Common Stock, Par Value $0.10 Per Share.		N/A	$109,495,111	$12,713

(1) Omitted in reliance on Rule 457(o) of the Securities Act of 1933.

(2) Estimated solely for the purpose of calculating the registration fee required by Section 6(b) of the Securities Act of 1933 and calculated in accordance with Rules 457(c), (f)(1), (f)(2) and (f)(3) under the Securities Act of 1933. The proposed maximum aggregate offering price of the Registrant s common stock was calculated based upon the market value of common units of K-Sea Transportation Partners L.P. (K-Sea) in accordance with Rules 457(c), (f)(1) and (f)(3), and the book value of the preferred units of K-Sea in accordance with Rules 457(c), (f)(2), and (f)(3). Such amount is calculated as the sum of (1) the product of (a) $8.17, the average of the high and low prices of K-Sea common units as reported on the New York Stock Exchange composite transactions reporting system on May 2, 2011, and (b) 19,549,865, the maximum number of K-Sea common units that may be cancelled and exchanged in the merger; *less* the estimated amount of cash of $79,665,700 that would be paid by Kirby in exchange for such maximum possible number of K-Sea common units; and (2) the product of (a) $5.61, the book value of a K-Sea preferred unit computed as of May 2, 2011, and (b) 19,178,120, the maximum number of K-Sea preferred units that may be cancelled and exchanged in the merger; *less* the estimated amount of cash of $78,150,839 that would be paid by Kirby in exchange for such maximum possible number of K-Sea preferred units.

(3) Computed in accordance with Section 6(b) of the Securities Act at a rate equal to $116.10 per $1,000,000 of the proposed maximum aggregate offering price (multiplying 0.0001161 by the proposed maximum offering price).

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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Information contained herein is subject to completion or amendment. A registration statement relating to these securities has been filed with the Securities and Exchange Commission. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This document shall not constitute an offer to sell or the solicitation of any offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

PRELIMINARY SUBJECT TO COMPLETION DATED MAY 4, 2011

Dear K-Sea Transportation Partners L.P. Unitholders:

I am pleased to inform you that K-Sea Transportation Partners L.P. and Kirby Corporation have entered into a merger agreement that provides for K-Sea to become an indirect wholly owned subsidiary of Kirby.

If the merger agreement is approved by our unitholders and the merger is completed, each issued and outstanding common unit of K-Sea and each phantom unit granted under the K-Sea Transportation Partners L.P. Long-Term Incentive Plan (including phantom units granted subject to the approval of the Amended and Restated K-Sea Transportation Partners L.P. Long-Term Incentive Plan) will be converted into the right to receive, at the election of the holder, either (a) $8.15 in cash, without interest, or (b) $4.075 in cash, without interest, and 0.0734 of a share of Kirby common stock. In addition, each outstanding Series A preferred unit of K-Sea (a preferred unit) will be converted into the right to receive $4.075 in cash, without interest, and 0.0734 of a share of Kirby common stock and each outstanding general partner unit of K-Sea will be converted into the right to receive $8.15 in cash, without interest. The incentive distribution rights of K-Sea, which are owned by an affiliate of K-Sea s general partner, will be converted into the right to receive $18.0 million in cash.

The merger agreement and the transactions contemplated thereby, including the merger, must receive (a) the affirmative vote of the holders of a majority of the outstanding common units of K-Sea and the outstanding preferred units of K-Sea (voting on an as-converted to common units basis), voting together as a single class, and (b) the affirmative vote of the holders of a majority of the outstanding preferred units of K-Sea, voting separately as a class, in each case, by holders who are entitled to vote as of the record date.

Certain unitholders of K-Sea have entered into support agreements with Kirby, pursuant to which they have agreed to vote all of their K-Sea units in favor of the merger agreement and the transactions contemplated thereby, including the merger. Collectively, these unitholders currently hold 100% of the outstanding preferred units of K-Sea and approximately 59.9% of the outstanding common units of K-Sea (including the outstanding preferred units of K-Sea on an as-converted to common units basis), which is a sufficient number of units to approve the merger agreement and the transactions contemplated thereby, including the merger.

Common units of K-Sea are traded on the New York Stock Exchange under the symbol KSP, and shares of Kirby common stock are traded on the New York Stock Exchange under the symbol KEX.

You are cordially invited to attend a special meeting of the unitholders of K-Sea to vote on the merger agreement and the transactions contemplated thereby, including the merger, on [ ], 2011 at [ ], local time, at One Tower Center Boulevard, 17th Floor, East Brunswick, New Jersey 08816. At the special meeting, in addition to the approval of the merger agreement and the transactions contemplated thereby, you will be asked to consider and vote upon the approval of the Amended and Restated K-Sea Transportation Partners L.P. Long-Term Incentive Plan and to cast a non-binding advisory vote on the compensation to be received by the executive officers of K-Sea General Partner GP

LLC in connection with the merger.

Information about the special meeting, the merger and the other business to be considered by the unitholders of K-Sea is contained in the accompanying proxy statement/prospectus and the documents incorporated by reference therein, which we urge you to read. **In particular, see the section titled Risk Factors beginning on page 27 of the accompanying proxy statement/prospectus**.

Whether or not you plan to attend the special meeting, to ensure your units of K-Sea are represented at the special meeting, please complete and submit the enclosed proxy card or transmit your voting instructions by using the telephone or internet as described on your proxy card as soon as possible.

The Board of Directors of K-Sea General Partner GP LLC (the K-Sea Board of Directors), acting upon the unanimous recommendation of the Conflicts Committee of the K-Sea Board of Directors, which is comprised of independent directors, unanimously approved and declared the advisability of the merger agreement and the transactions contemplated thereby, including the merger, and recommends that the unitholders of K-Sea vote to approve the merger agreement and the transactions contemplated thereby, including the merger. The K-Sea Board of Directors further recommends that the unitholders vote to approve the amended and restated K-Sea Transportation Partners L.P. Long-Term Incentive Plan and to approve, on an advisory basis, the compensation to be received by the executive officers of K-Sea General Partner GP LLC in connection with the merger.

Sincerely,

Timothy J. Casey
President and Chief Executive Officer of
K-Sea General Partner GP LLC

Neither the U.S. Securities and Exchange Commission nor any state securities commission has approved or disapproved of the securities to be issued under the accompanying proxy statement/prospectus or determined that the accompanying proxy statement/prospectus is accurate or complete. Any representation to the contrary is a criminal offense.

The accompanying proxy statement/prospectus is dated [ ], 2011 and is first being mailed to the unitholders of K-Sea Transportation Partners L.P. on or about [ ], 2011.

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IMPORTANT NOTE ABOUT THIS PROXY STATEMENT/PROSPECTUS

This proxy statement/prospectus, which forms part of a registration statement on Form S-4 filed with the Securities and Exchange Commission, which is referred to as the SEC or the Commission, constitutes a proxy statement of K-Sea under Section 14(a) of the Securities Exchange Act of 1934, as amended, which is referred to as the Exchange Act, with respect to the solicitation of proxies for the special meeting of unitholders of K-Sea, or any adjournment or postponement thereof, to, among other things, approve the merger agreement and the merger. This proxy statement/prospectus is also a prospectus of Kirby under Section 5 of the Securities Act of 1933, as amended, which is referred to as the Securities Act, for shares of common stock of Kirby that will be issued to unitholders of K-Sea in the merger pursuant to the merger agreement.

As permitted under the rules of the SEC, this proxy statement/prospectus incorporates by reference important business and financial information about K-Sea and Kirby from other documents filed with the SEC that are not included in or delivered with this proxy statement/prospectus. Please read the section titled Where You Can Find More Information beginning on page 120. You can obtain any of the documents incorporated by reference into this document from the SEC s website at *http://www.sec.gov*. This information is also available to you without charge upon your request in writing or by telephone from K-Sea or Kirby at the following addresses and telephone numbers:

Kirby Corporation

55 Waugh Drive, Suite 1000
Houston, Texas 77007
Attn: Investor Relations
(713) 435-1000

K-Sea Transportation Partners L.P.

One Town Center Boulevard, 17th Floor
East Brunswick, New Jersey 08816
Attn: Investor Relations
(732) 565-3818

Please note that copies of the documents provided to you will not include exhibits, unless the exhibits are specifically incorporated by reference into the documents or this proxy statement/prospectus.

You may obtain certain of these documents at K-Sea s website, *www.k-sea.com*, by selecting Investor Relations and then selecting SEC Filings, and at Kirby s website, *www.kirbycorp.com*, by selecting Investor Relations and then selecting SEC Filings. Information contained on the websites of K-Sea and Kirby is expressly not incorporated by reference into this proxy statement/prospectus.

In order to receive timely delivery of the documents in advance of K-Sea s special meeting of unitholders, your request should be received no later than [ ], 2011. If you request any documents, K-Sea or Kirby will mail them to you by first class mail, or another equally prompt means, within one business day after receipt of your request.

If you have any questions about the merger or the consideration that you may receive in connection with the merger, including any questions relating to the election or transmittal of materials, or would like additional copies of the election form and letter of transmittal (which are being mailed to K-Sea unitholders separately), you may contact Georgeson Inc., the information agent for the merger, at the address and telephone number listed below. You will not be charged for any additional election forms and letters of transmittal that you request.

Georgeson Inc.
199 Water Street, 26th Floor
New York, New York 10038

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NOTICE OF SPECIAL MEETING OF UNITHOLDERS

To the Unitholders of K-Sea Transportation Partners L.P.:

This is a notice that a special meeting of the unitholders of K-Sea Transportation Partners L.P., a Delaware limited partnership (K-Sea), will be held on **[ ]**, 2011 at **[ ]**, local time, at One Tower Center Boulevard, 17th Floor, East Brunswick, New Jersey 08816, for the following purposes:

1. To consider and vote upon the approval of the Agreement and Plan of Merger dated as of March 13, 2011, as such agreement may be amended from time to time (the merger agreement), by and among K-Sea, K-Sea General Partner L.P., a Delaware limited partnership and the general partner of K-Sea (the K-Sea GP), K-Sea General Partner GP LLC, a Delaware limited liability company and the general partner of K-Sea GP (K-Sea Management GP), K-Sea IDR Holdings LLC, a Delaware limited liability company and wholly owned subsidiary of K-Sea GP, Kirby Corporation, a Nevada corporation (Kirby), KSP Holding Sub, LLC, a Delaware limited liability company and direct wholly owned subsidiary of Kirby (Kirby Holding Sub), KSP LP Sub, LLC, a Delaware limited liability company and direct wholly owned subsidiary of Kirby (Kirby LP Sub), and KSP Merger Sub, LLC, a Delaware limited liability company wholly owned by Kirby Holding Sub and Kirby LP Sub (Merger Sub, and together with Kirby, Kirby Holding Sub and Kirby LP Sub, the Kirby Parties), pursuant to which Merger Sub will be merged with and into K-Sea (the merger), with K-Sea surviving the merger as an indirect wholly owned subsidiary of Kirby, and the transactions contemplated thereby, including the merger;

2. To consider and vote upon the approval of the Amended and Restated K-Sea Transportation Partners L.P. Long-Term Incentive Plan;

3. To cast an advisory vote on the compensation to be received by the K-Sea Management GP executive officers in connection with the merger; and

4. To transact such other business as may properly come before the special meeting and any adjournment or postponement thereof.

The Board of Directors of K-Sea Management GP (the K-Sea Board of Directors), acting upon the unanimous recommendation of the Conflicts Committee of the K-Sea Board of Directors, which is comprised of independent directors, has unanimously approved and declared the advisability of the merger agreement and the transactions contemplated thereby, including the merger, and is submitting them to the unitholders of K-Sea for approval at the special meeting. Information about the special meeting, the merger and the other business to be considered by the unitholders of K-Sea is contained in the accompanying proxy statement/prospectus and the documents incorporated by reference therein, which we urge you to read. **In particular, see the section titled Risk Factors beginning on page 27 of the accompanying proxy statement/prospectus**.

Only K-Sea unitholders of record at the close of business on [ ], 2011, the record date for the special meeting, are entitled to receive this notice and to vote at the special meeting or any adjournment or postponement of that meeting.

Whether or not you plan to attend the special meeting, please submit your proxy with voting instructions as soon as possible. If you hold K-Sea units in your name as a unitholder of record, please complete, sign, date and return the accompanying proxy card in the enclosed self-addressed stamped envelope, use the toll-free telephone number shown on the proxy card or use the internet website shown on the proxy card. If you hold units of K-Sea through a bank or broker, please use the voting instructions you have received from your bank or broker. Submitting your proxy will not

prevent you from attending the special meeting and voting in person. Please note, however, that if you hold K-Sea units through a bank or broker, and you wish to vote in

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person at the special meeting, you must obtain from your bank or broker a proxy issued in your name. You may revoke your proxy by attending the special meeting and voting your K-Sea units in person at the special meeting. You may also revoke your proxy at any time before it is voted by giving written notice of revocation to American Stock Transfer & Trust Company at the address provided with the proxy card at or before the special meeting or by submitting a proxy with a later date.

The accompanying document describes the proposed merger in more detail. We urge you to read carefully the entire document before voting your units of K-Sea at the special meeting or submitting your voting instructions by proxy.

The K-Sea Board of Directors has unanimously approved and declared the advisability of the merger agreement and the transactions contemplated thereby, including the merger, and recommends that the unitholders of K-Sea vote:

1. **FOR** the proposal to approve the merger agreement and the transactions contemplated thereby, including the merger;

2. **FOR** the proposal to approve the Amended and Restated K-Sea Transportation Partners L.P. Long-Term Incentive Plan; and

3. **FOR** the proposal to approve, on an advisory basis, the compensation to be received by K-Sea Management GP executive officers in connection with the merger.

By Order of the Board of Directors of K-Sea General Partner GP LLC, the general partner of K-Sea General Partner L.P., the general partner of K-Sea Transportation Partners L.P.

Richard P. Falcinelli
Secretary

East Brunswick, New Jersey
[ ], 2011

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DEFINITIONS

The following terms have the meanings set forth below for purposes of this proxy statement/prospectus, unless the context otherwise indicates:

Amended and Restated Incentive Plan means the Amended and Restated K-Sea Transportation Partners L.P. Long-Term Incentive Plan;

Incentive Plan means the K-Sea Transportation Partners L.P. Long-Term Incentive Plan;

Kirby means Kirby Corporation, a Nevada corporation;

Kirby common stock or Kirby shares means Kirby s common stock, par value $0.10 per share;

Kirby Holding Sub means KSP Holding Sub, LLC, a Delaware limited liability company and direct wholly owned subsidiary of Kirby;

Kirby LP Sub means KSP LP Sub, LLC, a Delaware limited liability company and direct wholly owned subsidiary of Kirby;

Kirby Parties means Kirby, Kirby Holding Sub, Kirby LP Sub and Merger Sub;

K-Sea means K-Sea Transportation Partners L.P., a Delaware limited partnership;

K-Sea Board of Directors means the board of directors of K-Sea Management GP;

K-Sea common unitholder means an owner of K-Sea common units.

K-Sea common units means the common units of K-Sea;

K-Sea Conflicts Committee means the Conflicts Committee of the K-Sea Board of Directors;

K-Sea GP means K-Sea General Partner L.P., a Delaware limited partnership and the general partner of K-Sea;

K-Sea IDR Holdings means K-Sea IDR Holdings LLC, a Delaware limited liability company and wholly owned subsidiary of K-Sea GP;

K-Sea Management GP means K-Sea General Partner GP LLC, a Delaware limited liability company and the general partner of K-Sea GP;

K-Sea Parties means K-Sea, K-Sea GP and K-Sea Management GP;

K-Sea phantom units means the phantom units of K-Sea granted pursuant to the Incentive Plan, and, subject to the approval of the Amended and Restated Incentive Plan, the phantom units granted pursuant to the Amended and Restated Incentive Plan;

K-Sea preferred units means the Series A Preferred Units of K-Sea;

K-Sea supporting unitholders means KA First Reserve, LLC, EW Transportation LLC, EW Holding Corp. and EW Transportation Corp.;

K-Sea unitholder means a holder of K-Sea common or preferred units.

K-Sea units means collectively the K-Sea common units and the K-Sea preferred units;

K-Sea s partnership agreement means the Fourth Amended and Restated Agreement of Limited Partnership of K-Sea, dated as of September 10, 2010.

merger means the merger contemplated by the merger agreement;

merger agreement means the Agreement and Plan of Merger, dated as of March 13, 2011, among K-Sea, K-Sea GP, K-Sea Management GP, K-Sea IDR Holdings, Kirby, Kirby Holding Sub, Kirby LP Sub and Merger Sub, as it may be further amended from time to time;

Merger Sub means KSP Merger Sub, LLC, a Delaware limited liability company and a wholly owned subsidiary of Kirby Holding Sub; and

Stifel Nicolaus means Stifel, Nicolaus & Company, Incorporated.

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QUESTIONS AND ANSWERS ABOUT THE MERGER AND SPECIAL MEETING

Set forth below are questions that you, as a unitholder of K-Sea, may have regarding the merger and the special meeting of K-Sea unitholders and brief answers to those questions. For a more complete description of the legal and other terms of the merger, please read carefully this entire proxy statement/prospectus, including the merger agreement attached as Annex A to this proxy statement/prospectus, and the documents incorporated by reference into this proxy statement/prospectus. You may obtain a list of the documents incorporated by reference into this proxy statement/prospectus in the section titled Where You Can Find More Information beginning on page 120 of this proxy statement/prospectus.

Q: Why am I receiving these materials?

A: Kirby and K-Sea have agreed to a merger pursuant to which K-Sea will become an indirect wholly owned subsidiary of Kirby and K-Sea will cease to be a publicly held entity. In order to complete the merger, unitholders of K-Sea must approve the merger agreement and the transactions contemplated in the merger agreement, including the merger. In the merger, K-Sea common unitholders may elect to receive part of their consideration in the form of Kirby common stock.

This document is being delivered to you as both a proxy statement of K-Sea and a prospectus of Kirby in connection with the merger. It is the proxy statement by which the K-Sea Board of Directors is soliciting proxies from you to vote on the approval of the merger agreement at the special meeting or at any adjournment or postponement of the special meeting (and the other matters described in the next Question & Answer). It is also the prospectus by which Kirby will issue Kirby common stock in the merger.

Q: On what am I being asked to vote?

A: Unitholders of K-Sea are being asked to vote on the following proposals:

1. to consider and approve the merger agreement (attached as Annex A to this proxy statement/prospectus) and the transactions contemplated thereby, including the merger, effective upon the completion of the merger;

2. to consider and approve the Amended and Restated Incentive Plan;

3. to cast an advisory vote on the compensation to be received by the K-Sea Management GP executive officers in connection with the merger; and

4. to transact such other business as may properly come before the special meeting and any adjournment or postponement thereof (at the present time, K-Sea knows of no other matters that will be presented for consideration at the special meeting).

Q: How does the K-Sea Board of Directors recommend that I vote on the matters to be considered at the special meeting?

A: The K-Sea Board of Directors unanimously recommends that the unitholders of K-Sea vote:

1. **FOR** the proposal to approve the merger agreement and the transactions contemplated thereby, including the merger, effective upon the completion of the merger;

2. **FOR** the proposal to approve the Amended and Restated Incentive Plan; and

3. **FOR** the proposal to approve, on an advisory basis, the compensation to be received by K-Sea Management GP executive officers in connection with the merger.

See Proposal 1 The Merger K-Sea s Reasons for the Merger; Recommendations of the K-Sea Board of Directors and the K-Sea Conflicts Committee beginning on page 50 of this proxy statement/prospectus.

In considering the recommendation of the K-Sea Board of Directors with respect to the merger agreement and the transactions contemplated thereby, you should be aware that some of K-Sea Management GP s directors and executive officers have interests in the merger that are different from, or in addition to, the

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interests of K-Sea unitholders generally. See Proposal 1 The Merger Interests of Certain Persons in the Merger beginning on page 70 of this proxy statement/prospectus.

Q: What will happen in the merger?

A: Pursuant to the merger agreement, Merger Sub will be merged with and into K-Sea, with K-Sea surviving the merger as an indirect wholly owned subsidiary of Kirby. At the effective time of the merger, Kirby Holding Sub will be admitted as the sole general partner of K-Sea, and Kirby LP Sub will be admitted as the sole limited partner of K-Sea. The merger will become effective on such date and at such time that the certificate of merger is filed with the Secretary of State of the State of Delaware, or such later date and time as may be set forth in the certificate of merger. Throughout this proxy statement/prospectus, this date and time is referred to as the effective time of the merger.

Q: What will I receive in the merger?

A: Pursuant to the merger agreement,

each outstanding K-Sea common unit (and each K-Sea phantom unit) will be converted into the right to receive, at the election of the holder, either (a) $8.15 in cash, without interest, or (b) $4.075 in cash, without interest, and 0.0734 of a share of Kirby common stock,

each outstanding K-Sea preferred unit will be converted into the right to receive $4.075 in cash, without interest, and 0.0734 of a share of Kirby common stock;

each outstanding general partner unit of K-Sea will be converted into the right to receive $8.15 in cash, without interest; and

the incentive distribution rights owned by K-Sea IDR Holdings will be converted into the right to receive $18.0 million in cash, without interest.

K-Sea unitholders will receive cash for any fractional shares of Kirby common stock that they would otherwise receive in the merger.

The exchange ratio used to determine the shares of Kirby common stock to be issued in the merger was based on the volume weighted average price of Kirby common stock for the ten trading day period prior to the date of the merger agreement. You should note that because the exchange ratio used to determine the shares of Kirby common stock in the merger is fixed, the value of the consideration to be received in the form of Kirby common stock will change up until the closing date. The market price of Kirby common stock will fluctuate prior to the merger, and the market price of Kirby common stock when received by K-Sea unitholders after the merger is completed could be greater or less than the current market price of Kirby common stock. See Risk Factors beginning on page 27 of this proxy statement/prospectus.

Q: What vote of unitholders is required to approve the merger agreement and the transactions contemplated thereby?

A: The merger agreement and the transactions contemplated thereby, including the merger, must receive the approval of a majority of the holders of the outstanding K-Sea common units and the outstanding K-Sea preferred units (voting on an as-converted to common units basis), voting together as a single class, and the approval of a majority of the holders of the outstanding K-Sea preferred units, voting separately as a class, in each case, by

holders who are entitled to vote as of the record date to be effective. Abstentions and broker non-votes will be the equivalent of a NO vote with respect to the approval of the merger agreement and the transactions contemplated thereby, including the merger.

The K-Sea supporting unitholders, which collectively own 100% of the outstanding K-Sea preferred units and approximately 59.9% of the outstanding K-Sea common units (including the K-Sea preferred units on an as-converted to common units basis), have agreed to vote all of their K-Sea units in favor of the merger agreement and the merger. Accordingly, subject to the terms and conditions of the support agreements described in this proxy statement/prospectus, it is expected that the merger agreement and the transactions contemplated thereby, including the merger, will be approved even without the vote of any other holders of

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K-Sea units. For additional information regarding the support agreements, please read Proposal 1 The Merger Transactions Related to the Merger beginning on page 54 of this proxy statement/prospectus.

Q: What vote of unitholders is required to approve the other matters to be considered at the special meeting?

A: The affirmative vote of the holders of a majority of the outstanding K-Sea common units (including the K-Sea preferred units on an as-converted to common units basis), voting together as a single class, who are entitled to vote as of the record date is required to approve the Amended and Restated Incentive Plan and any other matters to be considered at the special meeting.

The vote of K-Sea unitholders on the compensation to be received by K-Sea Management GP executive officers in connection with the merger is advisory in nature and will not be binding on K-Sea or the K-Sea Board of Directors and will not impact whether or not the compensation is paid.

Q: What constitutes a quorum for the special meeting?

A: A quorum requires the presence, in person or by proxy, of holders of a majority of the outstanding K-Sea units (including the preferred units on an as-converted to common units basis). The K-Sea supporting unitholders hold sufficient common units and preferred units to constitute a quorum.

Q: When and where will the special meeting be held?

A: The special meeting is scheduled to be held at One Tower Center Boulevard, 17th Floor, East Brunswick, New Jersey 08816 on [ ], 2011 at [ ], local time.

Q. Who is entitled to vote at the special meeting?

A: All holders of outstanding K-Sea common units and K-Sea preferred units who hold units at the close of business on [ ], 2011, which is referred to herein as the record date, are entitled to receive notice of and to vote at the special meeting and any adjournment or postponement thereof provided that such units remain outstanding on the date of the special meeting.

Q: What are the expected U.S. federal income tax consequences to a K-Sea common unitholder as a result of the merger?

A: For U.S. federal income tax purposes, a K-Sea common unitholder who is a U.S. holder (as defined below) that receives cash or cash and Kirby shares in exchange for such unitholder s K-Sea common units pursuant to the merger will generally recognize capital gain or loss in an amount equal to the difference between (i) the sum of (A) the amount of cash received, (B) the fair market value of any Kirby shares received, and (C) such unitholder s share of K-Sea s nonrecourse debt immediately prior to the merger, and (ii) such unitholder s adjusted tax basis in the K-Sea common units exchanged therefor. However, a portion of this gain or loss will be separately computed and taxed as ordinary income or loss under Section 751 of the Code (as defined below) to the extent attributable to assets giving rise to unrealized receivables or to inventory items of K-Sea. For a more detailed discussion of the material U.S. federal income tax consequences of the merger to K-Sea common unitholders, please see the discussion in the section titled Material U.S. Federal Income Tax Consequences of the Merger and of Owning and Disposing of Shares of Kirby Common Stock Received in the Merger beginning on page 79 of this proxy statement/prospectus.

Q: Are there any risks in the merger that I should consider?

A: Yes. There are risks associated with all business combinations, including the merger. These risks are discussed in more detail in the section titled Risk Factors beginning on page 27 of this proxy statement/prospectus.

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Q: How do I vote at the special meeting?

A: After you have carefully read this proxy statement/prospectus, please respond by completing, signing and dating your proxy card and returning it in the enclosed postage-paid envelope or by submitting your proxy or voting instruction by telephone or through the internet as soon as possible so that your K-Sea units will be represented and voted at the special meeting.

If your K-Sea units are held in street name, please refer to your proxy card or the information forwarded by your broker or other nominee to see which options are available to you. The internet and telephone proxy submission procedures are designed to authenticate K-Sea unitholders and to allow you to confirm that your instructions have been properly recorded.

The method you use to submit a proxy will not limit your right to vote in person at the special meeting if you later decide to attend the special meeting. If your K-Sea units are held in the name of a broker or other nominee, you must obtain a proxy, executed in your favor from the holder of record, to be able to vote in person at the special meeting.

Q: If my K-Sea units are held in street name by my broker or other nominee, will my broker or other nominee vote my units for me?

A: No. Your broker will not be able to vote your K-Sea units without instructions from you. Please follow the procedure your broker provides to vote your units.

In connection with the special meeting, abstentions and broker non-votes will be considered in determining the presence of a quorum. Abstentions and broker non-votes will be the equivalent of a vote against all of the matters to be voted upon at the special meeting.

An abstention occurs when a K-Sea unitholder abstains from voting (either in person or by proxy) on one or more of the proposals. Broker non-votes may occur when a person holding units through a bank, broker or other nominee does not provide instructions as to how the units should be voted, and the broker lacks discretionary authority to vote on a particular proposal.

Q: If I am planning on attending a special meeting in person, should I still submit a proxy?

A: Yes. Whether or not you plan to attend the special meeting, you should submit a proxy. K-Sea units will not be voted if the holder of such units does not submit a proxy and then does not vote in person at the special meeting. Failure to submit a proxy or to vote in person would have the same effect as a vote against all the proposals at the special meeting.

Q: What do I do if I want to change my vote after I have delivered my proxy card?

A: You may change your vote at any time before K-Sea units are voted at the special meeting. You can do this in any of the three following ways:

by sending a written notice to American Stock Transfer & Trust Company in time to be received before the special meeting stating that you revoke your proxy;

by completing, signing and dating another proxy card and returning it by mail in time to be received before the special meeting or by submitting a later dated proxy by telephone or the internet, in which case your later-submitted proxy will be recorded and your earlier proxy revoked; or

if you are a holder of record, or if you hold a proxy in your favor executed by a holder of record, by attending the special meeting and voting in person.

If your K-Sea units are held in an account at a broker or other nominee, you should contact your broker or other nominee to change your vote.

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Q: What should I do if I receive more than one set of voting materials for the special meeting?

A: You may receive more than one set of voting materials for the special meeting and the materials may include multiple proxy cards or voting instruction cards. For example, you will receive a separate voting instruction card for each brokerage account in which you hold units. If you are a holder of record registered in more than one name, you will receive more than one proxy card. Please complete, sign, date and return each proxy card and voting instruction card that you receive according to the instructions on it to ensure that all of your units are voted.

Q: Can I submit my proxy by telephone or the internet?

A: Yes. In addition to mailing your proxy, you may submit it telephonically or on the internet. Instructions for using the telephone or internet to vote are described on your proxy card.

Q: If I am a K-Sea common unitholder, how do I make my election?

A: As a holder of record of K-Sea common units entitled to vote, you will receive at the time of the mailing of the proxy statement/prospectus an election form and other appropriate and customary transmittal materials. If you are a holder of K-Sea common units, the election form will allow you to specify the number of common units with respect to which you elect to receive cash and the number of common units with respect to which you elect to receive both cash and shares of Kirby common stock. You must complete and return the election form on or before 5:00 p.m., New York time, on **[ ]**, 2011, which is the current election deadline and assumes a closing date of **[ ]**, 2011. An election will be deemed properly made only (i) if accompanied by one or more certificates representing your K-Sea common units, duly endorsed in blank or otherwise in form acceptable for transfer on the books of K-Sea (or by an appropriate guarantee of delivery of such securities) and/or (ii) upon receipt by the exchange agent of an agent s message with respect to all of your book-entry K-Sea common units, or such other evidence of transfer of your book-entry K-Sea common units as the exchange agent may reasonably request, together with duly executed transmittal materials included with the election form. Kirby will make election forms available as may reasonably be requested from time to time by all persons who become holders (or beneficial owners) of K-Sea common units between the record date for the special meeting and the election deadline. For further information, please see the section titled The Merger Agreement Unitholder Elections beginning on page 84 of this proxy statement/prospectus. If you need to obtain an election form, please contact K-Sea Transportation Partners L.P., Attention: Secretary, One Town Center Boulevard, 17th Floor, East Brunswick, New Jersey 08816, (732) 565-3818. You may also request an election form from Georgeson Inc., the information agent for the merger.

The election form and proxy card are separate documents and should each be completed in their entirety and sent to the appropriate addressee as directed herein and in the instructions accompanying such materials. In lieu of completing a proxy card, you may also vote by telephone or through the internet. For further information, please see the section titled Special Meeting of K-Sea Unitholders How to Submit Your Proxy beginning on page 40 of this proxy statement/prospectus.

Q: Can I revoke or change my election after I mail my election form?

A: Yes. You may revoke or change your election by sending written notice thereof to Computershare Trust Company, N.A., the exchange agent, which notice must be received by the exchange agent prior to the election deadline noted above. In the event an election is revoked, under the merger agreement the K-Sea common units represented by such election will be treated as units in respect of which no election has been made,

except to the extent a subsequent election is properly made by the unitholder during the election period. For further information, please see the section titled The Merger Agreement Unitholder Elections beginning on page 84 of this proxy statement/prospectus.

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Q: What happens if I do not make an election or my election form is not received before the election deadline?

A: A cash election will be deemed to have been made for any K-Sea common units for which no effective election has been made by the election deadline. Upon completion of the merger, such K-Sea common units will be converted into the right to receive $8.15 in cash, without interest.

Q: How do I exchange my K-Sea units for merger consideration?

A: Included with the election form being mailed to you is an information and instruction booklet, including instructions for exchanging your certificate or book-entry K-Sea common units for the merger consideration. You should read these instructions carefully. Assuming that you complete and submit the election form in accordance with the instructions, including by executing the transmittal materials included therein and including your certificates, if any, representing your K-Sea units, you will not need to take any further action in order to receive the merger consideration, which the exchange agent will forward to you as promptly as reasonably practicable after receipt of the certificate or book entry units. Any Kirby common stock you receive in the merger will be issued in book-entry form.

If you fail to make a timely and proper election and the merger closes, then the exchange agent will mail to you separate documentation and instructions for exchanging your certificate and book-entry K-Sea units for the merger consideration, in which case you will be paid the cash consideration payable to non-electing unitholders promptly upon adherence to the procedures set forth in the documentation and the surrender of your certificate and book-entry K-Sea units in accordance with such instructions.

Q: How will I receive the merger consideration to which I am entitled?

A. After receiving the proper documentation from you, the exchange agent will, following the closing of the merger, forward to you the cash and/or Kirby common stock to which you are entitled. More information on the documentation you are required to deliver to the exchange agent may be found under the section titled Proposal 1 The Merger Manner and Procedure for Exchanging K-Sea Units beginning on page 77 of this proxy statement/prospectus. K-Sea unitholders will not receive any fractional shares of Kirby common stock in the merger and will instead receive cash in lieu of any such fractional Kirby common shares.

Q: What happens if I sell my K-Sea units after the record date but before the special meeting?

A: The record date of the special meeting is earlier than the date of the special meeting and the date that the merger is expected to be completed. If you transfer your K-Sea units after the record date but before the date of the special meeting, you will retain your right to vote at the special meeting (provided that such units remain outstanding on the date of the special meeting), but you will not have the right to receive the merger consideration to be received by K-Sea unitholders in the merger. In order to receive the merger consideration, you must hold your units through completion of the merger. Once you properly submit an election form and related documentation as required thereby, selecting the type of consideration you wish to receive in the merger, you may not be able to transfer your units unless you subsequently revoke your election in accordance with the instructions set by the exchange agent to have your units returned to you prior to the election deadline.

Q: Do I have appraisal rights?

A: No. K-Sea unitholders neither have nor are entitled to exercise appraisal rights in connection with the merger under Delaware law or K-Sea s partnership agreement.

Q: Is completion of the merger subject to any conditions?

A: Yes. In addition to the approval of the merger agreement by K-Sea unitholders, completion of the merger requires the receipt of the necessary governmental and regulatory approvals and the satisfaction or, to the extent permitted by applicable law, waiver of the other conditions specified in the merger agreement.

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Q: When do you expect to complete the merger?

A: K-Sea and Kirby are working towards completing the merger promptly. K-Sea and Kirby currently expect to complete the merger in June or July of 2011, subject to receipt of approval of K-Sea unitholders, governmental and regulatory approvals and other usual and customary closing conditions. However, no assurance can be given as to when, or whether, the merger will occur.

Q: What happens if the merger is not completed?

A: If the merger agreement is not approved by the K-Sea unitholders or if the merger is not completed for any other reason, unitholders will not receive any payment for their units in connection with the merger. Instead, K-Sea would remain an independent public company and K-Sea common units would continue to be listed and traded on the New York Stock Exchange. Under specified circumstances, K-Sea may be required to pay Kirby a termination fee of $12.0 million and/or reimburse Kirby for up to $3.0 million in expenses as described under the caption The Merger Agreement Termination Fees and Expenses beginning on page 96 of this proxy statement/prospectus.

Q: After completion of the merger, will I be able to vote to elect directors to the board of directors of Kirby?

A: If you elect to receive shares of Kirby common stock, you will be able to vote to elect directors to the board of directors of Kirby.

Q: After the merger, who will direct the activities of K-Sea?

A: Kirby will direct the activities of K-Sea.

Q: Why am I being asked to approve the Amended and Restated Incentive Plan?

A: After receiving a preferred equity investment from KA First Reserve, LLC in September 2010, the compensation committee of the K-Sea Board of Directors undertook a review of K-Sea s compensation practices, which included, among other things, a review of K-Sea s financial performance in fiscal 2009 and fiscal 2010, K-Sea s progress on its fiscal 2010 action plan, the implications of the KA First Reserve, LLC investment and the contributions of the K-Sea Management GP executive officers during this difficult period. Given the state of the economy and the challenges facing K-Sea s business, the executive officers had not received salary increases, cash bonuses or equity compensation grants since September 2008. On December 14, 2010, the compensation committee of the K-Sea Board of Directors set new base salaries for K-Sea Management GP s executive officers, approved retention bonuses for the executive officers, established a fiscal 2011 incentive compensation program for the executive officers and made grants of K-Sea phantom units to the executive officers. Also on December 14, 2010, the compensation committee of the K-Sea Board of Directors made grants of K-Sea phantom units to the independent directors on the K-Sea Board of Directors, who had last received an equity grant in August 2007. The compensation committee s approval of 112,194 of the granted K-Sea phantom units was subject to K-Sea unitholder approval of an increase in the number of common units available for issuance under the Amended and Restated Incentive Plan. The Amended and Restated Incentive Plan was approved by the compensation committee to aid K-Sea in recruiting and retaining directors, officers and employees capable of assuring the future success of K-Sea.

Q: What will happen if the Amended and Restated Incentive Plan is not approved?

A: If the Amended and Restated Incentive Plan is not approved, then the 112,194 additional K-Sea phantom units that were conditionally awarded to certain executive officers and directors of K-Sea Management GP will be cancelled and no merger consideration will be paid with respect to such cancelled K-Sea phantom units. It is important to note, however, that the per share merger consideration amount is fixed and therefore the failure to approve the Amended and Restated Incentive Plan will not increase or decrease the per share merger consideration that will be paid with respect to any other K-Sea units.

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Q: Who can I contact with questions about the special meeting or the merger and related matters?

A: If you have any questions about the merger and the other matters contemplated by this proxy statement/prospectus or how to submit your proxy or voting instruction card, how to make an election for the consideration to be received in the merger or if you need additional copies of this proxy statement/prospectus or the enclosed proxy card or voting instruction card, you should contact K-Sea Transportation Partners L.P., Attention: Secretary, One Town Center Boulevard, 17th Floor, East Brunswick, New Jersey 08816, (732) 565-3818. You may also contact Georgeson Inc., the information agent for the merger, toll-free at 866-278-8941 with any questions relating to the election materials or to obtain additional copies of the election form and related materials.

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SUMMARY

This summary highlights selected information from this proxy statement/prospectus. You are urged to carefully read the entire proxy statement/prospectus and the other documents referred to in this proxy statement/prospectus because the information in this section does not provide all the information that might be important to you with respect to the merger agreement, the merger and the other matters being considered at the meeting. See Where You Can Find More Information beginning on page 120 of this proxy statement/prospectus. Each item in this summary refers to the page of this proxy statement/prospectus on which that subject is discussed in more detail.

Information about the Companies (page 36)

Kirby Corporation

Kirby Corporation, a publicly traded company based in Houston, Texas, conducts its business operations in the marine transportation and diesel engine services industries. Through its marine transportation subsidiaries, Kirby operates inland tank barges and towing vessels, transporting petrochemicals, black oil products, refined petroleum products and agricultural chemicals throughout the United States inland waterway system. Kirby also owns and operates four ocean-going barge and tug units which transport dry-bulk commodities in United States coastwise trade. Through its diesel engine services subsidiaries, Kirby provides after-market service for medium-speed and high-speed diesel engines and reduction gears used in marine, power generation and railroad applications, distributes and services high-speed diesel engines, transmissions, pumps and compression products, and manufactures oilfield service equipment, including hydraulic fracturing equipment, for land-based pressure pumping and oilfield services markets. Kirby s principal executive offices are located at 55 Waugh Drive, Suite 1000, Houston, Texas 77007, and its telephone number is (713) 435-1000.

Additional information about Kirby and its subsidiaries is included in documents incorporated by reference into this proxy statement/prospectus. For further information, please see the section titled Where You Can Find More Information beginning on page 120 of this proxy statement/prospectus.

KSP Merger Sub, LLC

KSP Merger Sub, LLC is an indirect wholly owned subsidiary of Kirby. Merger Sub has not carried on any activities to date, other than activities incidental to its formation or undertaken in connection with the transactions contemplated by the merger agreement. The principal executive offices of Merger Sub are located at 55 Waugh Drive, Suite 1000, Houston, Texas 77007, and its telephone number is (713) 435-1000.

K-Sea Transportation Partners L.P.

K-Sea Transportation Partners L.P. is a publicly traded limited partnership, the common units of which are listed on the NYSE under the ticker symbol KSP. K-Sea and its subsidiaries provide marine transportation, distribution and logistics services for refined petroleum products in the United States. As of December 31, 2010, K-Sea operated a fleet of 57 tank barges and 64 tugboats with approximately 3.7 million barrels of capacity that serve a wide range of customers, including major oil companies, oil traders and refiners. As of December 31, 2010, approximately 98% of K-Sea s barrel-carrying capacity was double-hulled. As of December 31, 2010, all of K-Sea s tank vessels except two operated under the U.S. flag, and all but three were qualified to transport cargo between U.S. ports under the federal statutes that restrict foreign owners from operating in the U.S. maritime transportation industry, referred to as the Jones Act. K-Sea s principal executive office is located at One Tower Center Boulevard, 17th Floor, East Brunswick,

New Jersey 08816, and its telephone number at that address is (732) 565-3818.

Additional information about K-Sea and its subsidiaries is included in documents incorporated by reference into this proxy statement/prospectus. For further information, please see the section titled Where You Can Find More Information beginning on page 120 of this proxy statement/prospectus.

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Proposal 1 The Merger (page 41)

Kirby and K-Sea agreed to the acquisition of K-Sea by Kirby under the terms of the merger agreement that is described in this proxy statement/prospectus. In the merger, Merger Sub will merge with and into K-Sea, which will survive the merger as an indirect wholly owned subsidiary of Kirby. Kirby LP Sub, a direct wholly owned subsidiary of Kirby, will be the sole limited partner of K-Sea, and Kirby Holding Sub, a direct wholly owned subsidiary of Kirby, will be the sole general partner of K-Sea.

The merger agreement is attached as Annex A to this proxy statement/prospectus, and both Kirby and K-Sea encourage you to read it carefully and in its entirety because it is the legal document that governs the merger.

Merger Consideration; Election (page 84)

In the merger, each issued and outstanding K-Sea common unit (including each K-Sea phantom unit) will be cancelled and converted into the right to receive, at the election of the holder, either (a) $8.15 in cash, without interest, or (b) $4.075 in cash, without interest, and 0.0734 of a share of Kirby common stock (rounded to the nearest ten-thousandth of a share). Each outstanding preferred unit of K-Sea will be cancelled and converted into the right to receive $4.075 in cash, without interest, and 0.0734 of a share of Kirby common stock (rounded to the nearest ten-thousandth of a share). If the application of the applicable exchange ratio to all units in respect of which a K-Sea unitholder is to receive Kirby common stock would cause such unitholder to receive a fraction of a Kirby common share, such unitholder will receive, in lieu of such fractional share, cash, without interest, with a value equal to the value of the fractional Kirby common share. K-Sea phantom units will accelerate and be treated as common units under the merger agreement (that is, holders thereof will be entitled to make the same election referenced in the first sentence of this paragraph).

In addition, each outstanding general partner unit of K-Sea will be cancelled and converted into the right to receive $8.15 in cash, without interest, and the incentive distribution rights of K-Sea will be cancelled and converted into the right to receive an aggregate of $18.0 million in cash, without interest.

Risk Factors (page 27)

The merger is, and upon the completion of the merger, the combined company will be, subject to a number of risks, which are described in the section titled Risk Factors beginning on page 27 of this proxy statement/prospectus. You should carefully read and consider these risks in deciding whether to vote for the approval of the merger agreement and the merger.

Special Meeting of Unitholders of K-Sea (page 37)

Where and when: The special meeting of K-Sea unitholders will take place at One Tower Center Boulevard, 17th Floor, East Brunswick, New Jersey 08816, on [ ], 2011 at [ ], local time.

What K-Sea s unitholders are being asked to vote on: At the special meeting and any adjournment or postponement thereof, K-Sea s unitholders will be asked to consider and vote on the following matters:

- a proposal to approve the merger agreement and the transactions contemplated thereby, including the merger;
- a proposal to approve the Amended and Restated Incentive Plan;

a proposal to approve, on an advisory basis, the compensation to be received by K-Sea Management GP executive officers in connection with the merger; and

any proposal to transact such other business as may properly come before the special meeting and any adjournment or postponement thereof.

Who may vote: You may vote at the special meeting if you owned K-Sea common units or K-Sea preferred units at the close of business on the record date, [ ], 2011. You may cast one vote for each unit that you owned on the record date.

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How to vote: Please complete and submit the enclosed proxy card as soon as possible or transmit your voting instructions by using the telephone or internet procedures described on your proxy card.

Vote needed to approve the merger agreement and the transactions contemplated thereby: The merger agreement and the transactions contemplated thereby, including the merger, must receive the approval of the holders of a majority of the outstanding K-Sea common units and the outstanding K-Sea preferred units (voting on an as-converted to common units basis), voting together as a single class, and the approval of a majority of the holders of the outstanding K-Sea preferred units, voting separately as a class, in each case, by holders who are entitled to vote as of the record date to be effective. The approval of the merger agreement, including the merger, is a condition to consummation of the merger.

Vote needed to approve the Amended and Restated Incentive Plan: The approval of the Amended and Restated Incentive Plan requires the affirmative vote of the holders of a majority of the outstanding K-Sea common units and the outstanding K-Sea preferred units (voting on an as-converted to common units basis), voting together as a single class, who are entitled to vote as of the record date.

Vote needed to approve the compensation to be received by K-Sea Management GP executive officers in connection with the merger: The advisory vote on the compensation to be received by K-Sea Management GP executive officers in connection with the merger will be approved if the holders of a majority of the outstanding K-Sea common units and the outstanding K-Sea preferred units (voting on an as-converted to common units basis), voting together as a single class, vote For such proposal. The vote of K-Sea unitholders on the compensation to be received by K-Sea Management GP executive officers in connection with the merger is advisory in nature and will not be binding on K-Sea or the K-Sea Board of Directors and will not impact whether or not the compensation is paid.

Support Agreements (page 39)

In connection with the execution of the merger agreement, the Kirby Parties entered into support agreements with the K-Sea supporting unitholders. Pursuant to the support agreements, the K-Sea supporting unitholders, who own 3,790,000 K-Sea common units and 19,178,120 K-Sea preferred units, representing approximately 59.9% of the outstanding K-Sea common units (including the K-Sea preferred units on an as-converted to common units basis) and 100% of the outstanding K-Sea preferred units, have each agreed to vote the units of K-Sea beneficially owned by them (i) in favor of the approval of the merger agreement, any transactions contemplated by the merger agreement and any other action reasonably requested by Kirby in furtherance thereof submitted for the vote or written consent of K-Sea unitholders, (ii) against the approval or adoption of any acquisition proposal (as defined in the section of this proxy statement/prospectus titled The Merger Agreement No Solicitation of Offers by K-Sea beginning on page 92) and any action, agreement, transaction or proposal that would result in a breach of any covenant, agreement, representation or warranty or any other obligation or agreement of K-Sea contained in the merger agreement, and (iii) against any action, agreement or transaction that would impede, interfere with, delay, postpone, discourage, frustrate the purposes of or adversely affect the merger or the transactions contemplated by the merger agreement. Each support agreement may be terminated upon, among other things, the termination of the merger agreement or a change in recommendation by the K-Sea Board of Directors.

The foregoing description of the support agreements is qualified in its entirety by reference to the full text of the support agreements, which are attached as Annexes B through E to this proxy statement/prospectus and are incorporated by reference into this proxy statement/prospectus.

K-Sea s Reasons for the Merger; Recommendation of the K-Sea Board of Directors and the K-Sea Conflicts Committee (page 50)

The K-Sea Board of Directors, acting upon the unanimous recommendation of the K-Sea Conflicts Committee, which is comprised of independent directors, has unanimously (i) adopted and approved the merger agreement and the transactions contemplated thereby, including the merger, and (ii) determined that the merger agreement and the transactions contemplated thereby, including the merger, are fair and reasonable to, and in the best interests of, K-Sea and K-Sea s unitholders. Accordingly, the K-Sea Board of Directors

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unanimously recommends that K-Sea s unitholders vote FOR the proposal to approve the merger agreement and the transactions contemplated thereby, including the merger.

In determining whether to approve the merger agreement and the transactions contemplated thereby, including the merger, the K-Sea Board of Directors considered the factors described in the section titled K-Sea s Reasons for the Merger; Recommendation of the K-Sea Board of Directors and the K-Sea Conflicts Committee beginning on page 50 of this proxy statement/prospectus.

Opinion of K-Sea s Financial Advisor (page 54)

Stifel Nicolaus delivered its written opinion to the K-Sea Conflicts Committee, dated March 12, 2011, that, as of the date of the opinion and subject to and based on the assumptions made, procedures followed, matters considered and limitations of the review undertaken in such opinion, (i) the consideration to be paid to the holders of K-Sea common units (other than Jefferies Capital Partners, KA First Reserve, LLC and their respective affiliates) in connection with the merger and, (ii) for those holders of K-Sea common units (other than Jefferies Capital Partners, KA First Reserve, LLC and their respective affiliates) that will receive shares of Kirby common stock as a part of such consideration, the exchange ratio used in determining the number of such shares of Kirby common stock to be received by such holders of K-Sea common units, in each case, is fair to such common unitholders from a financial point of view.

The full text of the written opinion of Stifel Nicolaus, dated March 12, 2011, which sets forth the procedures followed, assumptions made, other matters considered and limits of the review undertaken in connection with the opinion, is attached as Annex F to this proxy statement/prospectus. The holders of K-Sea common units should read the opinion in its entirety. Stifel Nicolaus provided its opinion to the K-Sea Conflicts Committee for its information and assistance in connection with its evaluation of the financial terms of the merger. Stifel Nicolaus opinion is not a recommendation as to how any holder of K-Sea units or any other person should vote with respect to the merger.

Interests of Certain Persons in the Merger (page 70)

In considering the recommendations of the K-Sea Conflicts Committee and the K-Sea Board of Directors, K-Sea s unitholders should be aware that some of the executive officers and directors of K-Sea Management GP have interests in the merger that may differ from, or may be in addition to, the interests of K-Sea s unitholders. These interests may present such executive officers and directors with actual or potential conflicts of interest, and these interests, to the extent material, are described below:

Ownership of K-Sea and K-Sea GP. Some of the officers and directors of K-Sea Management GP currently own K-Sea common units and have been granted K-Sea phantom units. As of March 31, 2011, such officers and directors beneficially owned an aggregate of 4,030,002 K-Sea common units and 258,896 K-Sea phantom units and, subject to the approval of the Amended and Restated Incentive Plan, will own an additional 112,194 K-Sea phantom units. Outstanding K-Sea common units and K-Sea phantom units will be converted, at the election of the holder, into the right to receive either cash or a combination of cash and Kirby common stock in the merger. In addition, certain officers and directors of K-Sea Management GP currently have a beneficial interest in the equity interests of K-Sea GP. In addition to the general partner interests of K-Sea held by K-Sea GP, for which K-Sea GP will be entitled to receive cash in the merger, K-Sea IDR Holdings, a wholly owned subsidiary of K-Sea GP and the owner of K-Sea s incentive distribution rights, will receive $18.0 million in cash with respect to the incentive distribution rights.

Interests in KA First Reserve, LLC. Some of the directors of K-Sea Management GP currently own equity interests in KA First Reserve, LLC, the holder of all 19,178,120 outstanding K-Sea preferred units. The K-Sea preferred units will be converted into the right to receive a combination of cash and Kirby common stock in the

merger.

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Interests in affiliates of Jefferies Capital Partners. Certain officers and directors own interests in affiliates of Jefferies Capital Partners. These affiliates own K-Sea common units and will be entitled, at their election, to receive either cash or a combination of cash and Kirby common stock in the merger.

Indemnification and Insurance. The merger agreement provides for indemnification by K-Sea and Kirby of present and former officers and directors acting in specified capacities for any of the K-Sea entities and for the maintenance of directors and officers liability insurance covering current and former directors and officers of the K-Sea entities for a period of six years following the merger. K-Sea and Kirby also agreed that all rights to indemnification now existing in favor of indemnified parties as provided in K-Sea s partnership agreement (or, as applicable, the charter, bylaws, partnership agreement, limited liability company agreement, or other organizational documents of any other K-Sea entity) and the indemnification agreements of the K-Sea entities shall survive the merger and continue in full force and effect in accordance with their terms.

Support Agreements. As noted above certain of the directors of K-Sea Management GP have a beneficial interest in KA First Reserve, LLC, which owns all of the outstanding K-Sea preferred units, and certain other directors have a beneficial interest in affiliates of Jefferies Capital Partners. Together, KA First Reserve, LLC and the affiliates of Jefferies Capital Partners own approximately 59.9% of the outstanding K-Sea common units (including the K-Sea preferred units on an as-converted to common units basis) and have entered into support agreements whereby, subject to the terms of those agreements, they have agreed to vote in favor of the merger. For more information on the support agreements, please read Proposal 1 The Merger Transactions Related to the Merger.

Vesting in Phantom Units. Some of the officers and directors of K-Sea Management GP have been granted K-Sea phantom units, which are subject to vesting requirements. If the merger is completed, these K-Sea phantom units will vest and will entitle the officers and directors to receive, at the election of the holder, either cash or a combination of cash and Kirby common stock in the merger as if such K-Sea phantom units were K-Sea common units.

Severance and Employee Benefits. Kirby agreed that K-Sea would amend the employment agreements with Timothy J. Casey, Richard P. Falcinelli and Thomas M. Sullivan to extend their employment terms to one year following the merger, and to provide severance benefits in the event their employment is terminated without cause or for good reason under such agreements. Kirby has agreed that if Terrence P. Gill, Gregg Haslinsky or Gordon Smith are terminated without cause or they terminate their employment for good reason within one year following the merger they will be entitled to eighteen months base salary and target bonus as severance. For this purpose, good reason means (a) a material diminution in scope of responsibilities as in effect immediately prior to the merger, (b) material diminution in compensation opportunities, or (c) relocation of the officer s principal work location by 75 miles or more. Except as set forth in the merger agreement, there are no agreements or understandings between Kirby and any of K-Sea s officers or employees concerning employment or severance benefits.

Other Employee Benefits. Kirby agreed to maintain base salary, annual incentive bonus opportunities and other benefit plans and arrangements for all K-Sea shoreside employees (including officers) for one year following the merger. If the K-Sea employees become covered under Kirby s or a Kirby subsidiary s benefit plans, Kirby will waive any waiting periods, actively-at-work requirements or other restrictions that would prohibit immediate or full participation under any welfare plans or pre-existing condition limitations of health benefit plans, to the extent that such waiting periods, pre-existing condition limitations, actively-at-work requirements or other restrictions would not have applied to the K-Sea employees under the terms of the K-Sea benefit plans. Kirby also agreed to use commercially reasonable efforts to give full credit under its health benefit plans for all

co-payments and deductibles satisfied at the time of the merger and for any lifetime maximums as if K-Sea and Kirby had been a single employer.

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Each of the K-Sea Conflicts Committee and the K-Sea Board of Directors was aware of these different and/or additional interests and considered them, among other matters, in their respective evaluations and negotiations of the merger agreement.

Regulatory Approvals Required for the Merger (page 77)

Kirby and K-Sea have agreed to use their reasonable best efforts to obtain all governmental and regulatory approvals required to complete the transactions contemplated by the merger agreement. These approvals include approval under, or notices pursuant to, the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, which is referred to in this proxy statement/prospectus as the HSR Act. Under the HSR Act and the rules promulgated by the Federal Trade Commission (the FTC), the merger may not be completed until (1) certain information and materials are furnished to the Department of Justice (the DOJ) and the FTC, and (2) the applicable waiting period under the HSR Act is terminated or expires. Kirby and K-Sea each filed the required HSR notification and report forms on April 1, 2011, commencing a 30-day statutory waiting period. On April 13, 2011, the FTC granted early termination of such statutory waiting period. Despite the early termination of the statutory waiting period under the HSR Act, the DOJ, the FTC and others may still challenge the merger on antitrust grounds. Accordingly, at any time before or after the completion of the merger, the DOJ, the FTC or others could take action under the antitrust laws as deemed necessary or desirable in the public interest, including without limitation seeking to enjoin the completion of the merger or to permit completion only subject to regulatory concessions or conditions.

Kirby and K-Sea also intend to make all required filings under the Securities Act and the Exchange Act relating to the merger and obtain all other approvals and consents which may be necessary to give effect to the merger.

Appraisal Rights (page 78)

K-Sea unitholders do not have and are not entitled to exercise appraisal rights in connection with the merger under Delaware law or K-Sea s partnership agreement.

NYSE Listing of Kirby Shares (page 81)

Shares of Kirby common stock currently trade on the New York Stock Exchange, or the NYSE, under the stock symbol KEX. It is a condition to completion of the merger that the shares of Kirby common stock to be issued by Kirby to K-Sea unitholders in connection with the merger be approved for listing on the NYSE, subject to official notice of issuance. Kirby has agreed to use its commercially reasonable efforts to cause the shares of Kirby common stock issuable in connection with the merger to be authorized for listing on the NYSE and expects to obtain the NYSE s approval to list such shares prior to completion of the merger, subject to official notice of issuance.

Delisting and Deregistration of K-Sea Common Units (page 82)

K-Sea s common units currently trade on the NYSE under the stock symbol KSP. If the merger is completed, K-Sea common units will cease to be listed on the NYSE and will be deregistered under the Exchange Act.

Conditions to Completion of the Merger (page 94)

The obligations of each of Kirby and Merger Sub, on one hand, and K-Sea, on the other hand, to complete the merger are subject to the satisfaction (or waiver) of the following conditions:

the merger agreement having been approved by the required vote of the holders of K-Sea common and preferred units;

the absence of any temporary restraining order, preliminary or permanent injunction, or other order or legal restraint or prohibition, or law enacted, preventing the completion of the merger;

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the expiration or termination of the applicable waiting period under the HSR Act, or any applicable waiting period under any other antitrust law, and any required approvals or consents from governmental entities having been obtained;

the effectiveness of the registration statement on Form S-4 (of which this proxy statement/prospectus forms a part) and no stop order or pending or threatened proceeding seeking a stop order;

the representations and warranties of the other party being true and correct, subject to certain materiality thresholds, as of the date of the merger agreement and as of the closing of the merger;

the other party having performed or complied with, in all material respects, all of the obligations, covenants and agreements required to be performed or complied with by it under the merger agreement at or prior to the closing date of the merger; and

the approval of listing on the NYSE of the shares of Kirby common stock deliverable to K-Sea unitholders as consideration in the merger, subject to official notice of issuance.

In addition, Kirby s and Merger Sub s obligations to complete the merger are further subject to the following conditions:

Kirby being satisfied in its reasonable discretion with the classification of K-Sea as a partnership and each of the other K-Sea Parties as either a partnership or a disregarded entity for U.S. federal income tax purposes; and

delivery by K-Sea GP of a certificate certifying that the transactions contemplated by the merger agreement are exempt from withholding pursuant to Section 1445 of the Internal Revenue Code of 1986, as amended.

The merger agreement does not contain any condition to the closing of the merger relating to Kirby s ability to obtain financing for the transaction.

Neither Kirby nor K-Sea can give any assurance that all of the conditions to the merger will either be satisfied or waived or that the merger will occur.

Expected Timing of the Merger (page 78)

Kirby and K-Sea currently expect to complete the merger in June or July 2011, subject to the receipt of required K-Sea unitholder and regulatory approvals and the satisfaction or waiver of the other conditions to completion of the merger. Because many of the conditions to completion of the merger are beyond the control of Kirby and K-Sea, exact timing for completion of the merger cannot be predicted with any amount of certainty.

No Solicitation of Offers by K-Sea (page 92)

The merger agreement contains detailed provisions that restrict the K-Sea Parties, their subsidiaries and their respective officers, partners, managers, directors, employees and other representatives from, directly or indirectly, soliciting, initiating or knowingly encouraging, or taking other actions intended to facilitate, the submission of any other acquisition proposal (as defined in the section of this proxy statement/prospectus titled The Merger Agreement No Solicitation of Offers by K-Sea on page 92). The merger agreement also contains restrictions on the K-Sea Parties, their subsidiaries and their respective officers, partners, managers, directors, employees and other representatives from participating in any discussions or negotiations regarding any other acquisition proposal. The merger agreement does

not, however, prohibit the K-Sea Board of Directors from considering and recommending to K-Sea unitholders an alternative transaction with a third party if specified conditions are met, including the payment of the termination fee required by the merger agreement to Kirby.

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Termination of Merger Agreement (page 95)

The merger agreement may be terminated at any time prior to the completion of the merger by mutual consent of Kirby and K-Sea. The merger agreement may also be terminated by either Kirby or K-Sea if:

any injunction or restraint preventing the merger is final and non-appealable and the party seeking to terminate used its required efforts to prevent such final, non-appealable order; or

the merger does not close by September 30, 2011 (or November 29, 2011, if the applicable waiting period under the HSR Act or other antitrust law has not expired, or the required approvals under any antitrust law have not been obtained), such date referred to herein as the outside date, unless the party seeking to terminate has breached the merger agreement and such breach caused the failure of the closing to occur by such time.

Kirby may also terminate the merger agreement if:

a K-Sea Party has breached or failed to perform any of its representations, warranties, covenants or agreements, such that the applicable conditions to completion of the merger related to such representations, warranties, covenants and agreements of the K-Sea Parties are not capable of being satisfied on or before the outside date;

the K-Sea common or preferred unitholders do not approve the merger at a duly held meeting called for such purposes;

the K-Sea Board of Directors or any committee thereof, including the K-Sea Conflicts Committee, withdraws or modifies its recommendation of the merger in a manner adverse to Kirby or Merger Sub, K-Sea fails to include the K-Sea Board of Directors recommendation of the merger and related matters in this proxy statement/prospectus or any of the K-Sea Parties (or any of their representatives) materially breach their non-solicitation obligations;

a material adverse effect with respect to K-Sea occurs; or

a permanent injunction, order or other legal restraint or prohibition has occurred that (i) would require or permit any K-Sea Party or any representative of any K-Sea Party to act or fail to act in a manner that would, in the absence of such injunction, order, restraint or prohibition, constitute a material violation of their obligation not to solicit, initiate or knowingly encourage an acquisition proposal, or (ii) reduces or otherwise limits Kirby s rights in any material respect with regard to the non-solicitation obligations set forth in the merger agreement or the payment by K-Sea of any termination fee or transaction expenses of Kirby.

K-Sea may also terminate the merger agreement:

if Kirby has breached or failed to perform any of its representations, warranties, covenants or agreements, such that the applicable conditions to completion of the merger related to such representations, warranties, covenants and agreements of Kirby are not capable of being satisfied on or before the outside date;

prior to obtaining the approval of the K-Sea common and preferred unitholders, to enter into an agreement relating to a superior proposal (as defined in the section of this proxy statement/prospectus titled The Merger Agreement No Solicitation of Offers by K-Sea on page 92) in accordance with the provisions of the merger agreement related to non-solicitation, provided that K-Sea has not breached the non-solicitation obligations set

forth in the merger agreement and K-Sea has paid all applicable termination fees and expenses to Kirby; or

if a material adverse effect with respect to Kirby occurs.

Termination Fees and Expenses (page 96)

K-Sea has agreed to pay up to $3.0 million of Kirby s fees and expenses paid or incurred in connection with the preparation and negotiation of the merger agreement, the support agreements or any of the other

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transactions contemplated thereby, if the merger agreement is terminated under any of the following circumstances:

- by Kirby due to a K-Sea Party breaching or failing to perform any of its representations, warranties, covenants or agreements such that the applicable conditions to completion of the merger related to such representations, warranties, covenants and agreements of the K-Sea Parties are not capable of being satisfied on or prior to the outside date;

- by Kirby due to the K-Sea common or preferred unitholders failing to approve the merger at a duly held meeting called for such purposes;

- by Kirby due to the K-Sea Board of Directors or any committee thereof, including the K-Sea Conflicts Committee, withdrawing or modifying its recommendation of the merger in a manner adverse to Kirby or Merger Sub, K-Sea failing to include the K-Sea Board of Directors recommendation of the merger and related matters in this proxy statement/prospectus or any of the K-Sea Parties (or any of their representatives) materially breaching their non-solicitation obligations;

- by Kirby due to a permanent injunction, order or other legal restraint or prohibition occurring that (i) would require or permit any K-Sea Party or any representative of any K-Sea Party to act or fail to act in a manner that would, in the absence of such injunction, order, restraint or prohibition, constitute a material violation of their obligation not to solicit, initiate or knowingly encourage an acquisition proposal, or (ii) reduces or otherwise limits Kirby s rights in any material respect with regard to the non-solicitation obligations set forth in the merger agreement or the payment by K-Sea of any termination fee or transaction expenses of Kirby; or

- by K-Sea to enter into an agreement relating to a superior proposal prior to obtaining the approval of the K-Sea common and preferred unitholders.

In addition to any payment to Kirby for its fees and expenses, K-Sea has agreed to pay Kirby a termination fee of $12.0 million if:

- Kirby terminates the merger agreement because (i) the merger has not occurred by the outside date, (ii) a K-Sea Party has breached or failed to perform any of its representations, warranties, covenants or agreements, such that the applicable conditions to completion of the merger related to such representations, warranties, covenants and agreements of the K-Sea Parties are not capable of being satisfied on or prior to the outside date, or (iii) the K-Sea common or preferred unitholders have not approved the merger at a duly held meeting called for such purpose, and (A) at or prior to the time of the termination, an acquisition proposal has been disclosed, announced, commenced, submitted or made and not withdrawn prior to termination, and (B) within twelve months after the date of such termination, any acquisition proposal is consummated or a definitive agreement contemplating an acquisition proposal is executed that is subsequently consummated (such termination fee to be paid at the time such acquisition proposal is consummated); or

- (i) Kirby terminates the merger agreement because the K-Sea Board of Directors or any committee thereof (including the K-Sea Conflicts Committee) withdraws or modifies its recommendation of the merger in a manner adverse to Kirby or Merger Sub, K-Sea fails to include the K-Sea Board of Directors recommendation of the merger and related matters in this proxy statement/prospectus or any of the K-Sea Parties (or any of their representatives) materially breaches their non-solicitation obligations, or (ii) K-Sea terminates the merger agreement prior to obtaining the approval of the K-Sea common and preferred unitholders to enter into an agreement relating to a superior proposal in accordance with the provisions of the merger agreement related to non-solicitation (such termination fee to be paid within two business days of such termination).

Accounting Treatment (page 78)

In accordance with accounting principles generally accepted in the United States, or GAAP, Kirby will account for the merger using the acquisition method of accounting for business combinations.

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Material U.S. Federal Income Tax Consequences of the Merger and of Owning and Disposing of Shares of Kirby Common Stock Received in the Merger (page 79)

For U.S. federal income tax purposes, a K-Sea common unitholder who is a U.S. holder (as defined below) that receives cash or cash and Kirby shares in exchange for such unitholder s K-Sea common units pursuant to the merger will generally recognize capital gain or loss in an amount equal to the difference between (i) the sum of (A) the amount of cash received, (B) the fair market value of any Kirby shares received, and (C) such K-Sea common unitholder s share of K-Sea s nonrecourse debt immediately prior to the merger, and (ii) such K-Sea common unitholder s adjusted tax basis in the K-Sea common units exchanged therefor. However, a portion of this gain or loss will be separately computed and taxed as ordinary income or loss under Section 751 of the Code (as defined below) to the extent attributable to assets giving rise to unrealized receivables or to inventory items of K-Sea. Please read the sections entitled Risk Factors Tax Risks Related to the Merger beginning on page 33, and Material U.S. Federal Income Tax Consequences of the Merger and of Owning and Disposing of Shares of Kirby Common Stock Received in the Merger, beginning on page 79.

Comparative Rights of Kirby Stockholders and K-Sea Unitholders (page 102)

The rights of K-Sea unitholders are currently governed by K-Sea s partnership agreement and applicable Delaware law. K-Sea common unitholders who elect to receive a portion of the merger consideration in Kirby common stock and K-Sea preferred unitholders will become stockholders of Kirby upon completion of the merger. Thereafter, their rights will be governed by Kirby s restated articles of incorporation, as amended, Kirby s bylaws and Nevada law. As a result, these K-Sea unitholders will have different rights once they become stockholders of Kirby due to the differences in the governing documents of and laws applicable to Kirby and K-Sea. The key differences are described in the section titled Comparison of Rights of Kirby Stockholders and K-Sea Unitholders beginning on page 102 of this proxy statement/prospectus.

Litigation Relating to the Merger (page 82)

As of April 28, 2011, nine class action complaints have been filed in connection with the proposed merger. Five of these complaints were filed in the Court of Chancery of the State of Delaware, all of which have been consolidated into one action. Four complaints were filed in the Superior Court of New Jersey; however, the first filed complaint in New Jersey was subsequently withdrawn. These complaints generally allege, among other things, that K-Sea, K-Sea GP, K-Sea Management GP, K-Sea IDR Holdings, Kirby, Merger Sub and the directors of K-Sea Management GP have either breached their fiduciary duties and/or aided and abetted in these alleged breaches of fiduciary duty in connection with the proposed merger. The complaints seek to enjoin the proposed merger or, alternatively, if the merger is consummated, to rescind the merger or to obtain rescissory damages. K-Sea and Kirby cannot predict the outcome of these or any other lawsuits that might be filed subsequent to the date of the filing of this proxy statement/prospectus, nor can K-Sea and Kirby predict the amount of time and expense that will be required to resolve these lawsuits. K-Sea and Kirby intend to vigorously defend against these and any other actions.

Proposal 2 Approval of Amended and Restated Incentive Plan (page 114)

On December 14, 2010, the compensation committee of the K-Sea Board of Directors approved and adopted the Amended and Restated Incentive Plan. The Amended and Restated Incentive Plan includes an increase in the number of common units of K-Sea authorized for issuance in connection with the Amended and Restated Incentive Plan from 440,000 common units to 940,000 common units (such amounts to be increased by adjustments, if any, made pursuant to the Amended and Restated Incentive Plan). K-Sea is submitting the Amended and Restated Incentive Plan to its

unitholders for approval as required by the NYSE. The K-Sea Board of Directors unanimously recommends that you vote FOR the proposal to approve the Amended and Restated Incentive Plan.

The terms of the merger agreement generally restrict K-Sea from issuing any awards under the Amended and Restated Incentive Plan other than the 112,194 K-Sea phantom units granted to certain executive officers

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of K-Sea Management GP and certain members of the K-Sea Board of Directors. Moreover, if the merger is completed, no additional awards will be issued pursuant to the Amended and Restated Incentive Plan and the Amended and Restated Incentive Plan will be terminated. In the event that the merger is not completed, K-Sea may grant additional awards under the Amended and Restated Incentive Plan, subject to the terms thereof.

The full text of the Amended and Restated Incentive Plan is attached as Annex G to this proxy statement/prospectus and is incorporated by reference into this proxy statement/prospectus.

Proposal 3 Approval of Executive Compensation (page 119)

In accordance with Section 14A of the Exchange Act, K-Sea is providing unitholders with the opportunity to cast an advisory vote on the compensation that may be payable to the K-Sea Management GP named executive officers in connection with the merger as reported on the Golden Parachute Compensation table on page 73. The K-Sea Board of Directors unanimously recommends that you vote FOR the proposal to approve the executive compensation payable in connection with the merger.

Recent Developments

On April 15, 2011, Kirby Engine Systems, Inc., a wholly owned subsidiary of Kirby, completed its purchase of United Holdings LLC, a privately held distributor and service provider of engine and transmission related products for the oil and gas services, power generation and transportation industries, and manufacturer of oilfield service equipment. The base purchase price was $270.0 million in cash, before post-closing adjustments, plus a three-year earnout provision for up to an additional $50.0 million payable in 2014.

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SELECTED CONSOLIDATED HISTORICAL FINANCIAL DATA OF KIRBY

The following tables show Kirby s selected consolidated historical financial data as of and for each of the fiscal years ended December 31, 2010, 2009, 2008, 2007 and 2006 and are derived from Kirby s consolidated financial statements. You should read the following data in connection with Management s Discussion and Analysis of Financial Condition and Results of Operations and the consolidated financial statements and the related notes thereto set forth in Kirby s Annual Report on Form 10-K for the year ended December 31, 2010, which is incorporated by reference into this document. See Where You Can Find More Information beginning on page 120 of this proxy statement/prospectus. See also the pro forma information set forth elsewhere in this proxy statement/prospectus regarding the proposed merger with K-Sea. The following information is only a summary and is not necessarily indicative of the results of future operations of Kirby.

KIRBY CORPORATION AND CONSOLIDATED SUBSIDIARIES
STATEMENT OF EARNINGS DATA

	Fiscal Year Ended December 31,				
	2010	2009	2008	2007	2006
	(In thousands, except per share amounts)				
Revenues:					
Marine transportation	$ 915,046	$ 881,298	$ 1,095,475	$ 928,834	$ 807,216
Diesel engine services	194,511	200,860	264,679	243,791	177,002
Total revenues	1,109,557	1,082,158	1,360,154	1,172,625	984,218
Costs and expenses:					
Cost of sales and operating expenses	683,236	637,833	843,310	735,427	631,334
Selling, general and administrative	117,694	121,401	142,171	121,952	107,728
Taxes, other than income	13,209	12,104	13,120	13,159	12,826
Depreciation and amortization	95,296	93,968	91,199	80,916	64,396
Impairment of goodwill		1,901			
Loss (gain) on disposition of assets	78	(1,079)	(142)	383	(1,436)
Total costs and expenses	909,513	866,128	1,089,658	951,837	814,848
Operating income	200,044	216,030	270,496	220,788	169,370
Other income (expense)	556	608	(515)	45	591
Interest expense	(10,960)	(11,080)	(14,064)	(20,284)	(15,201)
Earnings before taxes on income	189,640	205,558	255,917	200,549	154,760
Provision for taxes on income	(72,258)	(78,020)	(97,444)	(76,491)	(58,751)
Net earnings	117,382	127,538	158,473	124,058	96,009
Less: Net earnings attributable to noncontrolling interests	(1,133)	(1,597)	(1,305)	(717)	(558)

Net earnings attributable to controlling interests	$ 116,249	$ 125,941	$ 157,168	$ 123,341	$ 95,451
Net earnings per share attributable to common stockholders:					
Basic	$ 2.16	$ 2.34	$ 2.92	$ 2.31	$ 1.81
Diluted	$ 2.15	$ 2.34	$ 2.91	$ 2.29	$ 1.79

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KIRBY CORPORATION AND CONSOLIDATED SUBSIDIARIES

BALANCE SHEET DATA

	As of December 31,				
	2010	**2009**	**2008**	**2007**	**2006**
			(In thousands)		
Cash and cash equivalents	$ 195,600	$ 97,836	$ 8,647	$ 5,117	$ 2,653
Property and equipment, net	$ 1,118,161	$ 1,085,057	$ 990,932	$ 906,098	$ 766,606
Total assets	$ 1,794,937	$ 1,635,963	$ 1,526,098	$ 1,430,475	$ 1,271,119
Long-term debt, less current portion	$ 200,134	$ 200,239	$ 247,307	$ 297,383	$ 310,362
Total equity	$ 1,159,139	$ 1,056,095	$ 893,555	$ 772,807	$ 635,013

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SELECTED CONSOLIDATED HISTORICAL FINANCIAL DATA OF K-SEA

The following tables show K-Sea s selected consolidated historical financial data as of and for the six months ended December 31, 2010 and as of and for each of the fiscal years ended June 30, 2010, 2009, 2008, 2007 and 2006 and are derived from K-Sea s consolidated financial statements. You should read the following data in connection with Management s Discussion and Analysis of Financial Condition and Results of Operations and the consolidated financial statements and the related notes thereto set forth in K-Sea s Annual Report on Form 10-K for the year ended June 30, 2010, which is incorporated by reference into this document. See Where You Can Find More Information beginning on page 120 of this proxy statement/prospectus. See also the pro forma information set forth elsewhere in this proxy statement/prospectus regarding the proposed merger with Kirby. The following information is only a summary and is not necessarily indicative of the results of future operations of K-Sea.

K-SEA TRANSPORTATION PARTNERS L.P.

CONSOLIDATED STATEMENT OF OPERATIONS DATA

	Six Months Ended December 31, 2010 (Unaudited)	Year Ended June 30, 2010	2009	2008	2007	2006
		(In thousands, except per unit amounts)				
Voyage revenue	$ 128,259	$ 248,092	$ 310,429	$ 312,680	$ 216,924	$ 176,650
Other revenue	7,126	17,333	20,033	13,600	9,650	6,118
Total revenues	**135,385**	**265,425**	**330,462**	**326,280**	**226,574**	**182,768**
Voyage expenses	22,808	45,890	67,029	79,427	45,875	37,973
Vessel operating expenses	66,593	138,051	144,291	124,551	96,005	77,325
General and administrative expenses	13,109	27,238	29,806	28,947	20,472	17,309
Depreciation and amortization	25,570	64,196	53,582	48,311	33,415	26,810
Loss on acquisition of land and building		1,697				
Net (gain) loss on sale of vessels	(6,435)	(801)	(702)	(601)	102	(313)
Other operating expenses	1,158					
Impairment of goodwill		54,300				
Total operating expenses	122,803	330,571	294,006	280,635	195,869	159,104
Operating (loss) income	**12,582**	**(65,146)**	**36,456**	**45,645**	**30,705**	**23,664**
Interest expense, net	13,301	22,588	21,503	21,275	14,097	10,118
Net loss on reduction of debt(1)						7,224
Other expense (income), net	(29)	(535)	402	(2,164)	(63)	(64)

Income (loss) before provision for income taxes	**(690)**	**(87,199)**	**14,551**	**26,534**	**16,671**	**6,386**
Provision for (benefit of) income taxes	377	(218)	287	529	851	484
Net income (loss)	**(1,067)**	**(86,981)**	**14,264**	**26,005**	**15,820**	**5,902**
Less net income attributable to non-controlling interest	243	398	317	337		
Net income (loss) attributable to K-Sea Transportation Partners L.P. unitholders (net income (loss) of K-Sea)	**$ (1,310)**	**$ (87,379)**	**$ 13,947**	**$ 25,668**	**$ 15,820**	**$ 5,902**

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	Six Months Ended December 31, 2010 (Unaudited)	Year Ended June 30, 2010	2009	2008	2007	2006
		(In thousands, except per unit amounts)				
Allocation of net income (loss) of K-Sea:						
General partner s interest in net income (loss) of K-Sea	**$ (57)**	**$ (916)**	**$ 4,474**	**$ 3,311**	**$ 1,320**	**$ 391**
Limited partner s interest in net income (loss) of K-Sea	**$ (1,253)**	**$ (86,463)**	**$ 9,473**	**$ 22,357**	**$ 14,500**	**$ 5,511**
Net income (loss) of K-Sea	**$ (1,310)**	**$ (87,379)**	**$ 13,947**	**$ 25,668**	**$ 15,820**	**$ 5,902**
Basic net income (loss) of K-Sea per unit	**$ (0.28)**	**$ (4.60)**	**$ 0.61**	**$ 1.73**	**$ 1.45**	**$ 0.57**
Diluted net income (loss) of K-Sea per unit	**$ (0.28)**	**$ (4.60)**	**$ 0.61**	**$ 1.73**	**$ 1.45**	**$ 0.57**

(1) Fiscal 2006 includes a loss of $7.2 million in connection with the restructuring of our revolving credit facility and repayment of certain term loans, including our private placement bonds guaranteed by the Maritime Administration of the U.S. Department of Transportation pursuant to Title XI of the Merchant Marine Act of 1936 in fiscal 2006.

K-SEA TRANSPORTATION PARTNERS L.P.

CONSOLIDATED BALANCE SHEET DATA

	Six Months Ended December 31, 2010 (Unaudited)	2010	Year Ended June 30, 2009	2008	2007	2006
		(In thousands)				
Vessels and equipment, net	$ 580,993	$ 604,197	$ 533,996	$ 608,209	$ 358,580	$ 316,237
Total assets	$ 669,511	$ 696,137	$ 738,803	$ 798,308	$ 439,833	$ 389,220
Total debt	$ 263,515	$ 382,935	$ 383,013	$ 439,206	$ 244,287	$ 193,380
K-Sea Transportation Partners capital	$ 329,600	$ 230,420	$ 279,414	$ 275,178	$ 152,653	$ 163,943
Non-controlling interest capital	$ 5,283	$ 4,589	$ 4,514	$ 4,519	$	$

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SELECTED UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

The following selected unaudited pro forma condensed combined statement of earnings data of Kirby for the year ended December 31, 2010 have been prepared to give effect to the merger as if the merger had occurred on January 1, 2010. The unaudited pro forma condensed combined balance sheet data as of December 31, 2010 of Kirby has been prepared to give effect to the merger as if the merger had occurred on December 31, 2010.

The following selected unaudited pro forma condensed combined financial information is not necessarily indicative of the results that might have occurred had the merger taken place on January 1, 2010 for statement of earnings purposes, and on December 31, 2010 for balance sheet purposes, and is not intended to be a projection of future results. Future results may vary significantly from the results reflected because of various factors, including those discussed in the section titled Risk Factors. The following selected unaudited pro forma condensed combined financial information should be read in conjunction with the Unaudited Pro Forma Condensed Combined Financial Statements and related notes included elsewhere in this proxy statement/prospectus.

PRO FORMA CONDENSED COMBINED STATEMENT OF EARNINGS DATA

	Fiscal Year Ended December 31, 2010 (In thousands, except per share amounts)
Revenues	$ 1,371,179
Operating expenses	1,158,164
Operating income	213,015
Earnings before taxes on income	189,632
Provision for taxes on income	72,250
Net earnings attributable to controlling interests	115,807
Net earnings per share attributable to common stockholders:	
Basic	2.10
Diluted	2.09

PRO FORMA CONDENSED COMBINED BALANCE SHEET DATA

	As of December 31, 2010 (In thousands)
Cash and cash equivalents	$ 208,603
Property and equipment, net	1,615,542
Total assets	2,491,081
Long-term debt, less current portion	740,006
Total equity	1,239,170

On March 13, 2011, Kirby and K-Sea entered into a merger pursuant to which, subject to the conditions set forth therein, Merger Sub will merge with and into K-Sea, with K-Sea surviving the merger as an indirect wholly owned subsidiary of Kirby.

Subject to the terms and conditions of the merger agreement, upon the consummation of the merger (i) each outstanding K-Sea common unit (including each K-Sea phantom unit) will be converted into the right to receive, at the election of the holder, either (a) $8.15 in cash or (b) $4.075 in cash and 0.0734 of a share of Kirby s common stock, (ii) each outstanding preferred unit of K-Sea will be converted into the right to receive $4.075 in cash and 0.0734 of a share of Kirby s common stock and (iii) each outstanding general partner unit of K-Sea will be converted into the right to receive $8.15 in cash. The incentive distribution rights of K-Sea, which are owned by K-Sea IDR Holdings, will be converted into the right to receive $18.0 million in cash.

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KIRBY CORPORATION AND CONSOLIDATED SUBSIDIARIES

UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET
December 31, 2010

	Historical		Pro Forma	
	Kirby	K-Sea	Adjustments	Combined
	(In thousands)			
Current assets:				
Cash and cash equivalents	$ 195,600	$ 4,830	$ 8,173(c)	$ 208,603
Accounts receivable net	167,971	23,406		191,377
Inventory finished goods	38,821			38,821
Other current assets	23,523	22,922		46,445
Total current assets	425,915	51,158	8,173	485,246
Property and equipment net	1,118,161	580,993	(83,612)(b)	1,615,542
Goodwill net	228,873		97,778(a)	326,651
Other assets	21,988	37,360	4,294(d)	63,642
Total assets	$ 1,794,937	$ 669,511	$ 26,633	$ 2,491,081
Current liabilities:				
Current portion of long-term debt	$ 128	$ 16,481	$ (16,481)(c)	$ 128
Accounts payable	71,354	13,997	5,000(e)	90,351
Other current liabililities	88,777	40,123		128,900
Total current liabilities	160,259	70,601	(11,481)	219,379
Long-term debt less current portion	200,006	247,034	292,966(c)	740,006
Deferred income taxes	231,775	3,754		235,529
Other long-term liabilities	43,758	13,239		56,997
Total long-term liabilities	475,539	264,027	292,966	1,032,532
Contingencies and commitments				
Equity:				
Stockholders equity:				
Common stock	5,734		141(f)	5,875
Additional paid-in capital	237,014		79,607(f)	316,621
Partners capital		343,660	(343,660)(f)	
Accumulated other comprehensive income net	(33,642)	(14,060)	14,060(f)	(33,642)
Retained earnings	1,046,615		(5,000)(e)	1,041,615
Treasury stock	(99,622)			(99,622)
Total stockholders equity	1,156,099	329,600	(254,852)	1,230,847
Noncontrolling interests	3,040	5,283		8,323

Total equity	1,159,139	334,883	(254,852)	1,239,170
Total liabilities and equity	$ 1,794,937	$ 669,511	$ 26,633	$ 2,491,081

See accompanying notes to unaudited pro forma condensed combined financial statements.

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KIRBY CORPORATION AND CONSOLIDATED SUBSIDIARIES

UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF EARNINGS
FOR THE YEAR ENDED DECEMBER 31, 2010

	Historical		Pro Forma	
	Kirby	K-Sea	Adjustments	Combined
	(In thousands, except per share amounts)			
Revenues:				
Marine transportation	$ 915,046	$ 261,622	$	$ 1,176,668
Diesel engine services	194,511			194,511
Total revenues	1,109,557	261,622	0	1,371,179
Costs and expenses:				
Cost of sales and operating expenses	683,236	182,341	7,898(g)	873,475
Selling, general and administrative	117,694	26,826	(329)(h)	144,191
Taxes, other than income	13,209		329(h)	13,538
Depreciation and amortization	95,296	57,961	(19,175)(g)	134,082
Impairment of goodwill		54,300	(54,300)(i)	
Loss (gain) on disposition of assets	78	(7,200)		(7,122)
Total costs and expenses	909,513	314,228	(65,577)	1,158,164
Operating income	200,044	(52,606)	65,577	213,015
Other income (expense)	556	35		591
Interest expense	(10,960)	(26,372)	13,358(j)	(23,974)
Earnings before taxes on income	189,640	(78,943)	78,935	189,632
Provision for taxes on income	(72,258)	139	(131)(k)	(72,250)
Net earnings	117,382	(78,804)	78,804	117,382
Less: Net earnings attributable to noncontrolling interests	(1,133)	(442)		(1,575)
Net earnings attributable to controlling interests	$ 116,249	$ (79,246)	$ 78,804	$ 115,807
Net earnings per share attributable to common stockholders:				
Basic	$ 2.16			$ 2.10
Diluted	$ 2.15			$ 2.09
Weighted average common stock outstanding:				
Basic	53,331		1,407(j)	54,738
Diluted	53,466		1,407(j)	54,873

See accompanying notes to unaudited pro forma condensed combined financial statements.

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Accounting Treatment

Kirby prepares its financial statements in accordance with GAAP. The merger will be accounted for using the acquisition method of accounting with Kirby identified as the acquirer of K-Sea. Under the acquisition method of accounting, Kirby will record all assets acquired and liabilities assumed at their respective acquisition date fair values with the excess purchase price being recorded as goodwill. Under the acquisition method of accounting, goodwill is not amortized but is tested for impairment at least annually.

Basis of Pro Forma Presentation

The following unaudited pro forma condensed combined financial statements and related notes combine the historical consolidated balance sheet and results of operations of Kirby and of K-Sea. The pro forma balance sheet gives effect to the merger as if it had occurred on December 31, 2010. The pro forma statement of earnings for the fiscal year ended December 31, 2010, gives effect to the merger as if the merger had occurred on January 1, 2010. The pro forma statement of earnings for fiscal year 2010 was prepared by combining the Kirby historical consolidated statement of earnings for the fiscal year ended December 31, 2010 and the K-Sea unaudited condensed historical consolidated statements of operations for the three months ended March 31, 2010, the three months ended June 30, 2010, the three months ended September 30, 2010 and the three months ended December 31, 2010. The historical consolidated financial statements of K-Sea have been adjusted to reflect certain reclassifications in order to conform to Kirby s financial statement presentation.

The unaudited pro forma condensed combined financial statements reflect the estimated merger consideration expected to be transferred, which does not purport to represent what the actual merger consideration transferred will be at the effective time of the closing. In accordance with Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) Topic 805, Business Combinations, as amended, the fair value of equity securities issued as part of the consideration transferred will be measured on the closing date of the merger at the then current market price.

Kirby has estimated the total consideration expected to be issued and paid in the merger to be approximately $603.1 million, consisting of approximately $523.3 million to be paid in cash and approximately $79.8 million to be paid through the issuance of approximately 1.4 million shares of Kirby common stock valued at the April 28, 2011 closing share price of $56.70 per share, the latest practicable trading day before the date of this proxy statement/prospectus. The value of the merger consideration will fluctuate based upon changes in the price of shares of Kirby common stock and the number of K-Sea s common and phantom unitholders who elect to take Kirby common stock as part of the merger consideration. K-Sea s common unitholders and the holders of K-Sea phantom units will have the option to receive for each unit either $8.15 in cash or $4.075 in cash and .0734 of a share of Kirby common stock. The estimated merger consideration below assumes the common and phantom unitholders take the all cash option. Under FASB ASC Topic 805, acquisition-related transaction costs (i.e., investment banking, legal, accounting, valuation and other professional fees) are not included as a component of consideration transferred but are accounted for as expenses in the periods in which the costs are incurred.

As of the date of this proxy statement/prospectus, Kirby has not completed the final valuation analysis and calculations in sufficient detail necessary to arrive at the final required estimates of the fair market value of the K-Sea assets to be acquired and liabilities to be assumed and the related allocations to such items, including goodwill, of the merger consideration. A preliminary valuation analysis of the vessels has been conducted and its results are incorporated into the pro forma condensed combined financial statements. Kirby has retained a third party advisor to assist in its valuation of certain assets and liabilities and their final valuation report will not be completed until shortly after the completion of the merger when final valuations will be performed. Accordingly, assets and liabilities are presented at their respective carrying amounts, with the exception of the preliminary determination of the fair value of

the vessels, and should be treated as preliminary values. In addition, Kirby has not identified the adjustments necessary to conform the K-Sea financial records to Kirby s accounting policies with the exception of the preliminary adjustments to the pro forma condensed combined financial statements to confirm to Kirby s accounting policy related to vessel

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equipment maintenance and capitalization. As a result, actual results will differ from this unaudited pro forma condensed combined financial information once Kirby has determined the final merger consideration, completed the detailed valuation analysis and calculations necessary to finalize the required purchase price allocations, and identified and finalized any necessary conforming accounting policy changes for K-Sea. Accordingly, the final allocations of merger consideration, which will be determined subsequent to the closing of the merger, and their effects on the results of operations, may differ materially from the estimated allocations and unaudited pro forma combined amounts included herein.

The unaudited pro forma condensed combined financial statements are provided for illustrative purposes only and are not intended to represent or be indicative of the consolidated results of operations or financial position of Kirby that would have been recorded had the merger been completed as of the dates presented, and should not be taken as representative of future results of operations or financial position of the combined company. The unaudited pro forma condensed combined financial statements do not reflect the impacts of any potential operational efficiencies, cost savings or economies of scale that Kirby may achieve with respect to the combined operations of Kirby and K-Sea. Additionally, the pro forma statements of operations do not include any non-recurring charges or credits and the related tax effects which result directly from the transaction nor do they include any costs of integration activities.

The unaudited pro forma condensed combined financial statements should be read in conjunction with the historical consolidated financial statements and accompanying notes contained in the Kirby and K-Sea Annual Reports on Form 10-K and Quarterly Reports on Form 10-Q.

Note 1 Estimated Merger Consideration and Allocation ($ in thousands except per unit and per share amounts)

The estimated merger consideration is approximately $603,075 based on a Kirby share price of $56.70, which is the closing price of Kirby s common stock on the NYSE on April 28, 2011, the latest practicable trading day before the day of this proxy statement/prospectus. The value of the merger consideration will fluctuate based upon changes in the price of shares of Kirby common stock and the number of K-Sea s common unitholders and holders of K-Sea phantom units who elect to take a portion of the consideration in Kirby common stock. K-Sea s common and phantom unitholders will have the option to receive for each unit either $8.15 in cash or $4.075 in cash and .0734 of a share of Kirby common stock. The estimated merger consideration below assumes the common and phantom unitholders take the all cash option.

The following table summarizes the components of the estimated merger consideration:

Estimated cash consideration payable upon closing:	
19.16 million common unitholders at $8.15 per unit	$ 156,154
.6 million long-term incentive and general partnership units at $8.15 per unit	4,890
General partnership interest	18,000
19.18 million preferred units at $4.075 per unit	78,159
K-Sea debt assumed and refinanced at closing, including change in control prepayment penalties	266,124
	523,327
Estimated share consideration payable upon closing:	
19.18 million preferred units at $4.075 per unit convert to 1.407 million shares of Kirby common shares using ratio of .0734 and valued at $56.70 per share as of April 28, 2011	79,748

Total merger consideration	$ 603,075

In order to fund the cash portion of the merger consideration, Kirby expects to enter into a five-year term loan of up to $540,000. A 10% increase or decrease in Kirby s share price as of April 28, 2011 of $56.70 would result in an increase or decrease in the merger consideration of $7,975.

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The estimated goodwill included in the pro forma adjustments is calculated as the difference between the estimated merger consideration to be transferred and the carrying values assigned to the assets acquired and liabilities assumed. The following table summarizes the estimated goodwill calculation as of December 31, 2010:

Current assets	$ 51,158
Non-current assets	618,353
Less:	
Adjustment to historical deferred financing costs net	(4,206)
Adjustment to historical property and equipment net	(83,612)
Total assets acquired	581,693
Liabilities assumed	(71,113)
Non-controlling interests	(5,283)
Net assets acquired	505,297
Less: estimated merger consideration	(603,075)
Estimated goodwill	$ 97,778

Kirby has not completed the final valuation analysis and calculations in sufficient detail necessary to arrive at the final required estimates of the fair market value of the K-Sea assets to be acquired and liabilities to be assumed and the related allocations to such items, including goodwill, of the merger consideration. Accordingly, assets and liabilities, with the exception of net deferred financing costs and net vessel property, are presented at their respective carrying amounts and should be treated as preliminary values. This preliminary allocation of the merger consideration is based upon management s estimates. These estimates and assumptions are subject to change upon final valuation. The final allocation of consideration may include (1) changes in historical carrying values of property and equipment, (2) allocations to intangible assets, including but not limited to customer related assets, and (3) other changes to assets and liabilities. Any changes to the initial estimates of fair value of assets and liabilities will be recorded as adjustments to those assets and liabilities and the residual amounts will be allocated to goodwill. As a result, actual results may differ once Kirby has determined the final merger consideration and completed the final detailed valuation analysis and calculations necessary to finalize the required purchase price allocations. Accordingly, the final allocations of merger consideration, which will be determined subsequent to the closing of the merger, may differ materially from the estimated allocations and unaudited pro forma combined amounts included herein.

Note 2 Pro Forma Adjustments ($ in thousands except per share amounts)

a) To record goodwill associated with the merger.

b) To reflect the adjustment to the preliminary fair value of the owned vessels of K-Sea.

c) To reflect the issuance of new debt of $540,000 used to refinance K-Sea s existing debt of $263,515, pay debt prepayment penalties of $2,609 related to a change in control and finance the cash portion of the purchase price.

d) Represents estimated deferred debt issue costs, including underwriting, legal and other costs incurred in connection with the merger, offset by eliminating historical debt issue costs of K-Sea.

e) Reflects estimated direct transaction costs for the merger including but not limited to investment banking, legal, accounting and other professional fees. These charges are non-recurring charges and have been excluded from the pro forma statement of earnings.

f) To record the issuance of an estimated 1.407 million shares of new common stock for the stock portion of the purchase price at an estimated price of $56.70 per share and the reversal of K-Sea s historical equity balances.

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g) To adjust K-Sea s historical cost of sales and operating expenses and depreciation and amortization expense by $7,898 to conform K-Sea s equipment maintenance and capitalization policy to that of Kirby s. In addition, K-Sea s historical depreciation and amortization expense was adjusted downward by $5,276 to reflect the lower preliminary fair value adjustment and adjustment of the vessel lives to conform to that of Kirby. Finally, $6,001 of vessel impairment charges incurred by K-Sea during the period is eliminated as this is considered a non-recurring item outside of normal business operations and is excluded to facilitate a presentation of earnings that is more meaningful.

h) Represents certain reclassifications to conform to Kirby presentation.

i) Reflects the elimination of K-Sea s impairment of goodwill charge of $54,300 in 2010. This is considered a non-recurring item outside of normal business operations and is excluded to facilitate a presentation of earnings that is more meaningful.

j) Represents a reduction in interest expense of $13,014 resulting from the issuance of new debt of $540,000 to finance the cash portion of the purchase price and the repayment of K-Sea s existing debt including prepayment penalties. An average interest rate of 2.4%, including debt issue costs amortized over five years, was assumed based on historical LIBOR rates and anticipated terms of the new debt agreement.

k) Reflects the incremental income tax provision associated with pro forma adjustments and applying statutory income tax rates to the losses of K-Sea.

l) Reflects the issuance of 1.407 million shares of Kirby common stock pursuant to the merger agreement.

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UNAUDITED COMPARATIVE PER SHARE/UNIT DATA

The following table summarizes earnings per share/unit data for Kirby and K-Sea on a historical basis and on a pro forma condensed combined basis giving effect to the merger. It has been assumed for purposes of the pro forma condensed combined financial information provided below that the merger was completed on January 1, 2010 for statement of earnings purposes, and on December 31, 2010 for the book value per share/unit data. The following information should be read in conjunction with the Unaudited Pro Forma Condensed Combined Financial Statements and related notes included elsewhere in this proxy statement/prospectus.

	Kirby Corporation Fiscal Year Ended December 31, 2010	K-Sea Transportation Partners L.P. Twelve Months Ended December 31, 2010	Pro Forma Combined (1)	Pro Forma Combined Equivalent Data (2)
Basic earnings (loss) per share/unit	$ 2.16	$ (4.30)	$ 2.10	$ 1.94
Diluted earnings (loss) per share/unit	$ 2.15	$ (4.30)	$ 2.09	$ 1.94
Book value per share/unit at period end(3)	$ 21.47	$ 8.65	$ 22.37	$ 20.76
Cash dividends declared per share	$	$	$	$

(1) The pro forma statement of earnings for fiscal year 2010 was prepared by combining the Kirby historical statement of earnings for the fiscal year ended December 31, 2010 and the K-Sea historical statement of operations for the three months ended March 31, 2010, the three months ended June 30, 2010, the three months ended September 30, 2010 and the three months ended December 31, 2010. Excludes goodwill impairment charge of $54.3 million incurred in K-Sea s three months ended June 30, 2010.

(2) Pro forma combined equivalent data is calculated by dividing the combined pro forma amounts by outstanding shares assuming conversion of all K-Sea units and incentive distribution rights into Kirby shares using the stock exchange ratio of .1467.

(3) Historical book value per share for Kirby is computed by dividing total equity by the number of common shares outstanding assuming stock option dilution. Historical book value per unit for K-Sea is computed by dividing partners capital by the number of units outstanding assuming conversion of preferred units and incentive units to common units. Pro forma book value per share is computed by dividing pro forma stockholders equity by the pro forma number of Kirby common shares outstanding assuming stock option dilution.

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COMPARATIVE KIRBY AND K-SEA PER SHARE/UNIT MARKET PRICE DATA

Kirby common stock is listed on the NYSE under the symbol KEX. K-Sea common units are listed on the NYSE under the symbol KSP.

The following table presents closing prices for shares of Kirby common stock and K-Sea common units on March 11, 2011, the last trading day before the public announcement of the execution of the merger agreement by Kirby and K-Sea and April 28, 2011, the latest practicable trading day before the date of this proxy statement/prospectus. This table also presents the equivalent market value per unit of K-Sea common units on March 11, 2011 and April 28, 2011, as determined by multiplying the closing prices of shares of Kirby common stock on those dates by the stock exchange ratio of 0.0734, plus $4.075 in cash.

Although the stock exchange ratio is fixed, the market prices of Kirby common stock and K-Sea common units will fluctuate before the merger is completed and the market value of the merger consideration ultimately received by K-Sea unitholders will depend on the closing price of Kirby common stock on the day the merger is consummated. Because the merger consideration is fixed and the market price of shares of Kirby common stock will fluctuate, K-Sea unitholders who elect to take a portion of the merger consideration in Kirby common stock will not know the exact value of the merger consideration they will receive until the closing of the merger.

	Kirby Corporation Common Stock	K-Sea Transportation Partners LP Common Units	Equivalent per Unit of K-Sea Common Units
March 11, 2011	$ 55.33	$ 6.47	$ 8.14
April 28, 2011	$ 56.70	$ 8.22	$ 8.24

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The tables below set forth, for the calendar quarters indicated, the high and low sale prices per share of Kirby common stock and per unit of K-Sea common units on the NYSE. The tables also show the amount of cash dividends declared on Kirby common stock and K-Sea common units for the calendar quarters indicated.

	Kirby Corporation Common Stock		
	High	Low	Cash Dividends Declared
Fiscal Year Ended December 31, 2011			
Second Quarter (through April 28, 2011)	$ 58.25	$ 53.74	$ 0.00
First Quarter	$ 60.00	$ 43.29	$ 0.00
Fiscal Year Ended December 31, 2010			
Fourth Quarter	$ 45.78	$ 39.25	$ 0.00
Third Quarter	$ 43.33	$ 35.78	$ 0.00
Second Quarter	$ 43.96	$ 36.60	$ 0.00
First Quarter	$ 38.77	$ 30.83	$ 0.00
Fiscal Year Ended December 31, 2009			
Fourth Quarter	$ 37.28	$ 32.30	$ 0.00
Third Quarter	$ 39.16	$ 28.71	$ 0.00
Second Quarter	$ 36.32	$ 25.93	$ 0.00
First Quarter	31.16	$ 19.46	$ 0.00
Fiscal Year Ended December 31, 2008			
Fourth Quarter	$ 39.87	$ 19.54	$ 0.00
Third Quarter	$ 51.09	$ 34.13	$ 0.00
Second Quarter	$ 61.65	$ 47.45	$ 0.00
First Quarter	$ 58.10	$ 37.72	$ 0.00
Fiscal Year Ended December 31, 2007			
Fourth Quarter	$ 50.72	$ 42.00	$ 0.00
Third Quarter	$ 44.90	$ 35.68	$ 0.00
Second Quarter	$ 40.02	$ 34.85	$ 0.00
First Quarter	$ 38.20	$ 33.06	$ 0.00

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	K-Sea Transportation Partners L.P. Units		
	High	Low	Cash Dividends Declared
Fiscal Year Ended December 31, 2011			
Second Quarter (through April 28, 2011)	$ 8.24	$ 8.13	$ 0.00
First Quarter	$ 8.35	$ 4.60	$ 0.00
Fiscal Year Ended December 31, 2010			
Fourth Quarter	$ 5.85	$ 3.80	$ 0.00
Third Quarter	$ 6.70	$ 3.98	$ 0.00
Second Quarter	$ 10.12	$ 4.30	$ 0.00
First Quarter	$ 15.36	$ 8.63	$ 0.00
Fiscal Year Ended December 31, 2009			
Fourth Quarter	$ 23.50	$ 10.36	$ 0.00
Third Quarter	$ 24.59	$ 18.03	$ 0.45
Second Quarter	$ 21.44	$ 16.46	$ 0.77
First Quarter	20.43	$ 13.25	$ 0.77
Fiscal Year Ended December 31, 2008			
Fourth Quarter	$ 20.50	$ 10.80	$ 0.77
Third Quarter	$ 31.75	$ 19.05	$ 0.77
Second Quarter	$ 38.08	$ 31.53	$ 0.77
First Quarter	$ 38.22	$ 31.14	$ 0.76
Fiscal Year Ended December 31, 2007			
Fourth Quarter	$ 40.67	$ 33.90	$ 0.74
Third Quarter	$ 48.50	$ 36.23	$ 0.72
Second Quarter	$ 48.00	$ 40.01	$ 0.70
First Quarter	$ 40.97	$ 35.15	$ 0.68

The information in the preceding tables is historical only. Kirby and K-Sea urge Kirby stockholders and K-Sea unitholders to obtain current market quotations for shares of Kirby common stock and K-Sea common units before making any decision regarding the issuance of shares of Kirby common stock pursuant to the merger agreement or the approval of the merger agreement, as applicable.

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RISK FACTORS

In addition to the other information included and incorporated by reference into this proxy statement/prospectus, including the matters addressed in the section titled Cautionary Statement Regarding Forward-Looking Statements beginning on page 35, you should carefully consider the following risks before deciding whether to vote for the approval of the merger agreement and the merger and, if you are a K-Sea common unitholder, before making your election. In addition, you should read and consider the risks associated with each of the businesses of K-Sea and Kirby. These risks can be found in K-Sea s and Kirby s respective Annual Reports on Form 10-K for the years ended June 30, 2010 and December 31, 2010, respectively, as updated by subsequent Quarterly Reports on Form 10-Q, all of which are filed with the SEC and incorporated by reference into this proxy statement/prospectus. For further information regarding the documents incorporated into this proxy statement/prospectus by reference, please see the section titled Where You Can Find More Information beginning on page 120.

Risks Related to the Merger

Because the market price of Kirby common stock will fluctuate, K-Sea unitholders electing to receive Kirby common stock cannot be sure of the market value of Kirby common stock that they will receive in the merger.

At the time the merger is completed, (i) each K-Sea common unit will be converted into the right to receive, at the election of the K-Sea unitholder, either (1) $8.15 in cash, without interest, or (2) a combination of $4.075 in cash, without interest, and a 0.0734 of a share of Kirby common stock (rounded to the nearest ten-thousandth of a share), and (ii) each K-Sea preferred unit will be converted into the right to receive a combination of $4.075 in cash, without interest, and a 0.0734 of a share of Kirby common stock (rounded to the nearest ten-thousandth of a share). Kirby will pay cash in lieu of any fractional share of Kirby common stock that would otherwise be issued as merger consideration. The exchange ratio in the merger agreement is fixed based upon a per share value of Kirby common stock of $55.54. As the exchange ratio used to determine the shares of Kirby common stock in the merger is fixed, the value of the consideration to be received in the form of Kirby common stock will change up until the closing date. Accordingly, if the trading value of shares of Kirby common stock is less than $55.54, the value of a share of Kirby common stock used to determine the exchange ratio in the merger agreement, then the value of the share portion of the merger consideration to be paid per K-Sea common unit will be less than the cash equivalent had a cash election been made by the K-Sea unitholder. Conversely, if the trading value of shares of Kirby common stock is greater than $55.54, then the value of the share portion of the merger consideration to be paid per K-Sea common unit will be greater than the cash equivalent had a cash election been made by the K-Sea unitholder.

There will be a time lapse between the date on which K-Sea unitholders make an election with respect to the form of merger consideration to be received by them in exchange for their K-Sea common units and the date on which K-Sea unitholders entitled to receive shares of Kirby common stock actually receive such shares. The market value of Kirby common stock will fluctuate during this period. These fluctuations may be caused by changes in the businesses, operations, results and prospects of both Kirby and K-Sea, market expectations of the likelihood that the merger will be completed and the timing of the completion, general market and economic conditions or other factors. At the time K-Sea unitholders make their election in respect of the merger consideration to be paid to them (and at the time they cast their votes regarding approval of the merger agreement and the merger), K-Sea unitholders will not know the actual market value of the shares of Kirby common stock they will receive when the merger is finally completed. The actual market value of shares of Kirby common stock, when received by K-Sea unitholders, will depend on the market value of those shares on that date. This market value may be less than the value used to determine the number of shares to be received, as the determination will be made with respect to a period occurring prior to the consummation of the merger.

K-Sea unitholders are urged to obtain current market quotations for Kirby common stock when they make their election.

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The failure to successfully combine the businesses of Kirby and K-Sea in the expected time frame may adversely affect Kirby s future results, which may adversely affect the value of the shares of Kirby common stock that K-Sea unitholders may receive in the merger.

The success of the merger will depend, in part, on the ability of Kirby to realize the anticipated benefits from combining the businesses of Kirby and K-Sea. To realize these anticipated benefits, Kirby s and K-Sea s businesses must be successfully combined. If the combined company is not able to achieve these objectives, the anticipated benefits of the merger may not be realized fully at all or may take longer to realize than expected. In addition, the actual integration may result in additional and unforeseen expenses, which could reduce the anticipated benefits of the merger.

Kirby and K-Sea, including their respective subsidiaries, have operated and, until the completion of the merger, will continue to operate independently. It is possible that the integration process could result in the loss of key employees, as well as the disruption of each company s ongoing businesses or inconsistencies in their standards, controls, procedures and policies. Any or all of those occurrences could adversely affect Kirby s ability to maintain relationships with customers and employees after the merger or to achieve the anticipated benefits of the merger. Integration efforts between the two companies will also divert management attention and resources. These integration matters could have an adverse effect on each of Kirby and K-Sea.

The pendency of the merger could materially adversely affect the future business and operations of Kirby or K-Sea or result in a loss of K-Sea employees.

In connection with the pending merger, it is possible that some customers, suppliers and other persons with whom Kirby or K-Sea have a business relationship may delay or defer certain business decisions or might decide to seek to terminate, change or renegotiate their relationship with K-Sea as a result of the merger, which could negatively impact revenues, earnings and cash flows of Kirby or K-Sea, as well as the market prices of Kirby common stock or K-Sea common units, regardless of whether the merger is completed. Similarly, current and prospective employees of K-Sea may experience uncertainty about their future roles with K-Sea and Kirby following completion of the merger, which may materially adversely affect the ability of K-Sea to attract and retain key employees.

Failure to complete the merger could negatively impact the stock price and unit price, respectively, of Kirby and K-Sea and their respective future businesses and financial results.

If the merger is not completed, the ongoing businesses of Kirby and K-Sea may be adversely affected and Kirby and K-Sea will be subject to several risks and consequences, including the following:

- under the merger agreement, K-Sea may be required, under certain circumstances, to pay Kirby a termination fee of $12.0 million and up to $3.0 million of Kirby s expenses;
- Kirby and K-Sea will be required to pay certain costs relating to the merger, whether or not the merger is completed, such as legal, accounting, financial advisor and printing fees;
- Kirby and K-Sea would not realize the expected benefits of the merger;
- under the merger agreement, each of Kirby and K-Sea is subject to certain restrictions on the conduct of its business prior to completing the merger which may adversely affect its ability to execute certain of its business strategies; and

matters relating to the merger may require substantial commitments of time and resources by Kirby and K-Sea management, which could otherwise have been devoted to other opportunities that may have been beneficial to Kirby and K-Sea as independent companies.

In addition, if the merger is not completed, Kirby and/or K-Sea may experience negative reactions from the financial markets and from their respective customers and employees. Kirby and/or K-Sea also could be subject to litigation related to any failure to complete the merger or to enforcement proceedings commenced against Kirby or K-Sea to attempt to force them to perform their respective obligations under the merger agreement.

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The merger agreement includes restrictions on the ability of K-Sea to make cash or other distributions to its common unitholders, even if it would otherwise have available cash to make such a distribution.

Under K-Sea s partnership agreement, K-Sea is required to distribute all of its available cash from operating surplus, as defined in K-Sea s partnership agreement, which generally includes all of K-Sea s cash and cash equivalents on hand at the end of each quarter less reserves established by K-Sea GP for future requirements. While K-Sea has not made a cash distribution to common unitholders since November 16, 2009 due to lack of available cash, the terms of the merger agreement prohibit K-Sea from making any distributions (whether in the form of cash, equity or property) to its common unitholders without the prior written consent of Kirby, subject to certain exceptions. While Kirby and K-Sea have agreed to use their reasonable best efforts to close the merger in an expeditious manner, factors could cause the delay of the closing, which include obtaining K-Sea unitholder approval or the outcome of the litigation commenced with respect to the merger. Therefore, even if K-Sea has available cash to distribute to its common unitholders, and satisfies any other conditions to make such a distribution, the terms of the merger agreement would prohibit such a distribution.

Directors and executive officers of K-Sea Management GP have interests in the merger that are different from, or in addition to, the interests of K-Sea unitholders generally, which could have influenced their decision to support or approve the merger.

K-Sea Management GP, as the general partner of K-Sea GP, K-Sea s general partner, manages K-Sea s operations and activities. Some of the directors and executive officers of K-Sea Management GP have interests in the merger that are different from, or in addition to, the interests of K-Sea unitholders generally. These interests include:

- the vesting and settlement of K-Sea phantom units, some of which are held by such directors and executive officers, such that the equity awards are treated as common units under the merger agreement (as further described in the section titled Proposal 1 The Merger Interests of Certain Persons in the Merger);
- Kirby s agreement to provide severance benefits to certain executive officers of K-Sea Management GP if such executive officers employment is terminated without cause or for good reason following the merger (as further described in the section titled Proposal 1 The Merger Interests of Certain Persons in the Merger); and
- Kirby s agreement to indemnify directors and officers against certain claims and liabilities and maintain director and officer liability insurance coverage, at no expense to the beneficiaries, for a period of six years from the effective time of the merger.

James C. Baker, Kevin S. McCarthy and Gary D. Reaves, who are members of the board of directors of K-Sea Management GP, the general partner of K-Sea GP, K-Sea s general partner, are affiliated with KA First Reserve, LLC, which entity holds all of the outstanding K-Sea preferred units. At the sole option and election of KA First Reserve, LLC, such K-Sea preferred units are convertible into K-Sea common units. On an as-converted, fully diluted basis, such interest represents an approximate 49.8% limited partner interest in K-Sea. Under the terms of the merger agreement, each outstanding preferred unit of K-Sea will be converted into the right to receive $4.075 in cash and 0.0734 of a share of Kirby common stock (rounded to the nearest ten-thousandth of a share). In addition, as described below under The Special Meeting Support Agreements, KA First Reserve, LLC has entered into a Support Agreement with Kirby pursuant to which KA First Reserve, LLC has agreed to support the merger by, among other things, voting its preferred units and common units in favor of the merger and against any alternative transaction.

Affiliates of Jefferies Capital Partners and other members of management of K-Sea Management GP, which group is collectively referred to herein as the GP Investor Group, own, directly or indirectly, 100% of the interests in K-Sea Management GP and K-Sea GP. K-Sea GP owns an approximate 0.5% general partner interest in K-Sea, no K-Sea

common units and, through K-Sea IDR Holdings, a wholly owned subsidiary of K-Sea GP, all of K-Sea s incentive distribution rights. Under the terms of the merger agreement, each

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outstanding general partner unit will be converted into the right to receive $8.15 in cash and the incentive distribution rights will be converted into the right to receive an aggregate of $18.0 million in cash. K-Sea common units held by K-Sea GP will be treated as all other K-Sea common units in the transaction. James J. Dowling, Chairman of the Board of K-Sea Management GP, and Brian P. Friedman, a director of K-Sea Management GP, are affiliated with Jefferies Capital Partners. Jefferies Capital Partners is the manager of Furman Selz Investors II L.P. and its affiliated entities, principal owners of K-Sea Management GP and K-Sea GP.

The GP Investor Group also owns EW Transportation LLC, EW Transportation Corp., and EW Holding Corp., which collectively own 3,790,000 K-Sea common units, which represents an approximate 9.8% limited partner interest in K-Sea. As described below under The Special Meeting Support Agreements, EW Transportation LLC, EW Transportation Corp., and EW Holding Corp. have entered into Support Agreements with Kirby pursuant to which they have agreed to support the merger by, among other things, voting their common units in favor of the merger and against any alternative transaction.

In addition, the merger agreement provides for indemnification by K-Sea and Kirby of present and former officers and directors acting as fiduciaries or agents of any of the K-Sea entities and for the maintenance of directors and officers liability insurance covering current and former directors and officers of the K-Sea entities for a period of six years following the merger. K-Sea and Kirby also agreed that all rights to indemnification now existing in favor of indemnified parties as provided in K-Sea s partnership agreement (or, as applicable, the charter, bylaws, partnership agreement, limited liability company agreement, or other organizational documents of any other K-Sea entity) and the indemnification agreements of the K-Sea entities will survive the merger and continue in full force and effect in accordance with their terms.

As a result of these interests, these directors and officers could be more likely to vote to approve the merger agreement and the transactions contemplated by the merger agreement, including the merger, than if they did not hold these interests and may have reasons for doing so that are not the same as the interests of other holders of K-Sea common units. K-Sea unitholders should consider these interests in connection with their votes on the proposal to approve the merger agreement and the merger. For more information, please see the section titled Proposal 1 The Merger Interests of Certain Persons in the Merger beginning on page 70 of this proxy statement/prospectus.

The merger agreement limits K-Sea s ability to pursue alternatives to the merger, and the holder of all of K-Sea s preferred units and certain affiliates of K-Sea s general partner, who collectively hold enough units to approve the merger, have entered into support agreements pursuant to which they agreed to support the merger by voting their units in favor of the merger and against any alternative transaction.

The merger agreement contains provisions that make it more difficult for K-Sea to sell its business to a party other than Kirby. These provisions include the general prohibition on K-Sea soliciting any acquisition proposal (as defined in the section titled The Merger Agreement No Solicitation of Offers by K-Sea beginning on page 92 of this proxy statement/prospectus) or offer for a competing transaction, the requirement that K-Sea pay Kirby a termination fee of $12.0 million and up to $3.0 million of Kirby s expenses if the merger agreement is terminated in specified circumstances and the requirement that K-Sea submit the merger agreement to a vote of K-Sea unitholders even if the K-Sea Board of Directors changes its recommendation, unless K-Sea terminates the merger agreement to enter into an agreement relating to a superior proposal and pays to Kirby the $12.0 million termination fee plus up to $3.0 million of Kirby s expenses. In addition, even if the K-Sea Board of Directors receives a superior proposal, it must provide Kirby with the opportunity to amend its offer. See The Merger Agreement Termination of the Merger Agreement and The Merger Agreement Termination Fees and Expenses beginning on page 95 and page 96, respectively, of this proxy statement/prospectus.

In addition, KA First Reserve, LLC, EW Transportation LLC, EW Transportation Corp. and EW Holding Corp. have each entered into Support Agreements with Kirby, Merger Sub, Kirby Holding Sub and Kirby LP Sub, pursuant to which they agreed to support the merger by, among other things, voting their preferred units and common units in favor of the merger and against any alternative transaction. Collectively, KA First

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Reserve, LLC, EW Transportation LLC, EW Transportation Corp. and EW Holding Corp. own a sufficient number of units to approve the merger and no other approval is required from K-Sea unitholders in order to complete the merger.

The foregoing may discourage a third party that might have an interest in acquiring all or a significant part of K-Sea from considering or proposing an acquisition, even if that party were prepared to pay consideration with a higher per unit value than the current proposed merger consideration. Furthermore, the termination fee and the expense reimbursement provisions may result in a potential competing acquiror proposing to pay a lower per unit price to acquire K-Sea than it might otherwise have proposed to pay.

The completion of the merger will require Kirby to enter into a new financing arrangement. If Kirby s financing for the merger becomes unavailable, the merger may not be completed.

Kirby intends to finance all or a portion of the cash component of the merger consideration with debt financing. Concurrently, and in connection with entering into the merger agreement, Kirby entered into the debt commitment letter with Wells Fargo Bank, National Association, Wells Fargo Securities, LLC, Bank of America, N.A., Merrill Lynch, Pierce, Fenner & Smith Incorporated, JPMorgan Chase Bank, N.A., and J.P. Morgan Securities LLC, pursuant to which, subject to the conditions set forth therein, Wells Fargo Bank, National Association, Bank of America, N.A., and JPMorgan Chase Bank, N.A. have committed to provide a five-year term loan facility in an aggregate principal amount of up to $540.0 million. The proceeds from these borrowings will be used by Kirby to pay all or a portion of the cash consideration to be paid in the merger, to retire existing indebtedness of K-Sea and its subsidiaries and to pay related fees and expenses. The debt commitment letter includes customary conditions to funding, including, among others, the completion of definitive documentation, the absence of a material adverse effect on K-Sea, consistent with the equivalent definition in the merger agreement (as defined in the section titled The Merger Agreement Representations and Warranties), that could have a material adverse effect on Kirby and its subsidiaries, consummation of the merger and the absence of any amendment or modification to the merger agreement materially adverse to the arrangers of the facility, the lenders thereunder or Kirby unless approved by the arrangers, and the delivery of financial information and other customary closing deliveries.

In the event that the financing contemplated by the debt commitment letter is not available to Kirby, other financing may not be available to Kirby on acceptable terms, in a timely manner, or at all. If other financing becomes necessary and Kirby is unable to secure such additional financing, the merger may not be completed. Kirby does not have a right to terminate the merger agreement in the event it does not have adequate funds to complete the transaction at closing. In the merger agreement, Kirby represented to K-Sea that it would have available, at the closing of the merger, all funds required to consummate the transactions contemplated by the merger agreement. K-Sea would have a right to terminate the merger agreement if Kirby breached this representation in a manner such that Kirby would not be able to satisfy this representation on or before September 30, 2011.

The unaudited pro forma financial statements included in this proxy statement/prospectus are presented for illustrative purposes only and may not be an indication of the combined company s financial condition or results of operations following the merger.

The unaudited pro forma financial statements contained in this proxy statement/prospectus are presented for illustrative purposes only, are based on various adjustments, assumptions and preliminary estimates, and may not be an indication of the combined company s financial condition or results of operations following the merger for several reasons. See Selected Unaudited Pro Forma Condensed Combined Financial Information beginning on page 16 of this proxy statement/prospectus. The actual financial condition and results of operations of the combined company following the merger may not be consistent with, or evident from, these pro forma financial statements. In addition, the assumptions used in preparing the pro forma financial information may not prove to be accurate, and other factors may affect the combined company s financial condition or results of operations following the merger. Any potential

decline in the combined company s

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financial condition or results of operations may cause significant variations in the price of Kirby common stock after completion of the merger.

A different set of factors and conditions affect shares of Kirby common stock and could have a negative impact on its stock price.

Upon completion of the merger, some K-Sea unitholders will become holders of Kirby common stock. The businesses of Kirby and the other companies it has acquired and may acquire in the future are different from those of K-Sea. There is a risk that various factors, conditions and developments which would not affect the price of K-Sea s common units could negatively affect the price of shares of Kirby common stock. Please see the section titled Cautionary Statement Regarding Forward-Looking Statements beginning on page 35 of this proxy statement/prospectus for a summary of some of the key factors that might affect Kirby and the prices at which shares of Kirby common stock may trade from time to time. K-Sea unitholders are also urged to read carefully the risk factors included in Kirby s Annual Report on Form 10-K for the year ended December 31, 2010, which is incorporated by reference into this proxy statement/prospectus.

The shares of Kirby common stock to be received by K-Sea unitholders as a result of the merger will have different rights from K-Sea common units.

Following completion of the merger, K-Sea unitholders will no longer be limited partners holding common units of K-Sea, a Delaware limited partnership, but will instead be stockholders of Kirby, a Nevada corporation, to the extent an election is made to receive shares of Kirby common stock. There are important differences between the rights of K-Sea unitholders and the rights of Kirby stockholders. See the section titled Comparison of Rights of Kirby Stockholders and K-Sea Unitholders beginning on page 102 of this proxy statement/prospectus for a discussion of the different rights associated with shares of Kirby common stock and K-Sea common units.

K-Sea unitholders will own a smaller percentage of Kirby than they currently own in K-Sea.

After completion of the merger, K-Sea unitholders will own a smaller percentage of Kirby than they currently own in K-Sea. Holders of K-Sea preferred and common units, in the aggregate, will own up to approximately 5% of Kirby s outstanding shares of common stock immediately after completion of the merger, assuming full dilution and that all holders of K-Sea common units elect to receive mixed consideration with respect to all of the K-Sea common units owned by them (such ownership percentage is an estimate only and will vary based upon the actual elections made by holders of K-Sea common units in connection with the merger).

Pending litigation against Kirby and K-Sea could result in an injunction preventing completion of the merger, the payment of damages in the event the merger is completed and/or may adversely affect the combined company s business, financial condition or results of operations following the merger.

In connection with the merger, purported unitholders of K-Sea have filed unitholder class action lawsuits against K-Sea, K-Sea GP, K-Sea Management GP, the K-Sea Board of Directors, and the Kirby Parties. Among other remedies, the plaintiffs seek to enjoin the merger. If a final settlement is not reached, these lawsuits could prevent or delay completion of the merger and result in substantial costs to K-Sea and Kirby, including any costs associated with the indemnification of directors. Additional lawsuits may be filed against K-Sea and/or Kirby related to the merger. The defense or settlement of any lawsuit or claim that remains unresolved at the time the merger is completed may adversely affect the combined company s business, financial condition or results of operations. See the section titled Proposal 1 The Merger Litigation Relating to the Merger on page 82 of this proxy statement/prospectus.

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The fairness opinion obtained from the financial advisors to the K-Sea Conflicts Committee will not reflect subsequent changes.

In connection with the proposed merger, the K-Sea Conflicts Committee received a written opinion of Stifel Nicolaus, dated as of March 13, 2011. The opinion stated that, as of such date, and based upon and subject to the assumptions, qualifications, limitations and other matters set forth in the opinion, (a) the consideration to be paid to the holders of K-Sea s common units (other than Jefferies Capital Partners, KA First Reserve, LLC and their respective affiliates) in connection with the merger and (b) for those holders of K-Sea common units (other than Jefferies Capital Partners, KA First Reserve, LLC and their respective affiliates) that will receive shares of Kirby common stock as part of such consideration, the exchange ratio used in determining the number of shares of Kirby common stock to be received by the holders of K-Sea common units in exchange for each K-Sea common unit is fair from a financial point of view to such holders. The opinion does not reflect changes that may occur or may have occurred after the date of the opinion, including changes to the operations and prospects of Kirby or K-Sea, changes in general market and economic conditions or regulatory or other factors. Any such changes, or other factors on which the opinions are based, may materially alter or affect the relative values of Kirby or K-Sea.

If the merger agreement is terminated, K-Sea may be obligated to reimburse Kirby for costs incurred related to the merger and, under certain circumstances, pay a termination fee to Kirby. These costs could require K-Sea to seek loans or use K-Sea s available cash that would have otherwise been available for operations or distributions.

In certain circumstances, upon termination of the merger agreement, K-Sea would be responsible for reimbursing Kirby for up to $3.0 million in expenses related to the transaction and may be obligated to pay a termination fee to Kirby of $12.0 million. For a detailed discussion of the various circumstances leading to a reimbursement of expenses and payment of a termination fee, please read the section titled The Merger Agreement Termination Fees and Expenses beginning on page 96.

If the merger agreement is terminated, the expense reimbursements and the termination fee required to be paid by K-Sea under the merger agreement may require K-Sea to seek loans or borrow amounts under its revolving credit facility to enable it to pay these amounts to Kirby. In either case, payment of these amounts would reduce the cash K-Sea has available for operations or to make distributions.

Tax Risks Related to the Merger

You are urged to read the section titled Proposal 1 The Merger Material U.S. Federal Income Tax Consequences of the Merger and of Owning and Disposing of Shares of Kirby Common Stock Received in the Merger for a more complete discussion of the expected material U.S. federal income tax consequences of the merger and of owning and disposing of any shares of Kirby common stock received in the merger.

For U.S. federal income tax purposes, K-Sea common unitholders will be allocated taxable income and gain of K-Sea through the date of the merger and will not receive any additional distributions attributable to that income and gain.

For U.S. federal income tax purposes, K-Sea common unitholders will be allocated their respective shares of K-Sea s taxable income and gain for the taxable period of K-Sea ending on the date of the merger. K-Sea common unitholders will be subject to U.S. federal income taxes on such income and gain even though they will not receive any additional cash distributions from K-Sea attributable to such income and gain. Such income and gain, however, will increase the tax basis of the K-Sea common units held by such K-Sea common unitholders, and thus, reduce their gain (or increase their loss) recognized for U.S. federal income tax purposes as a result of the merger.

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The U.S. federal income tax treatment to K-Sea common unitholders with respect to owning and disposing of any Kirby shares received in the merger will be different than their U.S. federal income tax treatment with respect to owning and disposing of their K-Sea common units.

For U.S. federal income tax purposes, K-Sea is classified as a partnership, and thus, is not a taxable entity and incurs no U.S. federal income tax liability. Instead, each K-Sea common unitholder is required to take into account such K-Sea common unitholder s share of items of income, gain, loss and deduction of K-Sea in computing his or her U.S. federal income tax liability, regardless of whether cash distributions are made to such K-Sea common unitholder by K-Sea. A distribution of cash by K-Sea to a K-Sea common unitholder who is a U.S. holder (as defined below) is generally not taxable for U.S. federal income tax purposes unless the amount of cash distributed is in excess of the K-Sea common unitholder s adjusted tax basis in his or her K-Sea common units. In contrast, Kirby is classified as a corporation for U.S. federal income tax purposes, and thus, Kirby (and not its stockholders) is subject to U.S. federal income taxes on its taxable income. A distribution of cash by Kirby to a stockholder who is a U.S. holder (as defined below) is taxable to such stockholder to the extent distributed out of Kirby s current and accumulated earnings and profits (as determined under the Code (as defined below in the section titled Proposal 1 The Merger Material U.S. Federal Income Tax Consequences of the Merger and of Owning and Disposing of Shares of Kirby Common Stock Received in the Merger)). Cash distributions in excess of Kirby s current and accumulated earnings and profits are treated as a non-taxable return of capital, which reduce such stockholder s adjusted tax basis in such stockholder s Kirby shares, and to the extent the cash distribution exceeds such stockholder s adjusted tax basis, as capital gain from the sale or exchange of such shares.

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Statements set forth or incorporated by reference in this proxy statement/prospectus concerning projections or expectations of financial or operational performance or economic outlook, or concerning other future events or results, or which refer to matters which are not historical facts, are forward-looking statements within the meaning of federal securities laws. Similarly, statements that describe Kirby s or K-Sea s objectives, expectations, plans or goals are forward-looking statements. Forward-looking statements include, without limitation, Kirby s or K-Sea s expectations concerning the outlook for their respective businesses, productivity, plans and goals for future operational improvements and capital investments, operational performance, future market conditions or economic performance and developments in the capital and credit markets and expected future financial performance, as well as any information concerning possible or assumed future results of operations of Kirby and K-Sea as set forth in the sections of this proxy statement/prospectus titled Proposal 1 The Merger K-Sea s Reasons for the Merger; Recommendation of the K-Sea Board of Directors and the K-Sea Conflicts Committee, Proposal 1 The Merger Kirby s Reasons for the Merger, and Proposal 1 The Merger Opinion of K-Sea s Financial Advisor. Forward-looking statements also include statements regarding the expected benefits of the proposed acquisition of K-Sea by Kirby.

Forward-looking statements involve a number of risks and uncertainties, and actual results or events may differ materially from those projected or implied in those statements. Important factors that could cause such differences include, but are not limited to:

- the matters described in the section titled Risk Factors beginning on page 27 of this proxy statement/prospectus;
- cyclical or other downturns in demand;
- adverse changes in economic or industry conditions, both in North America and globally, including unanticipated additions to industry capacity;
- changes in the securities and capital markets;
- changes affecting customers or suppliers;
- competition and consolidation in the marine transportation industry and the other industries in which Kirby and K-Sea compete, including significant pricing competition;
- developments and changes in laws and regulations, including changes in the Jones Act, or in U.S. maritime policy and practice;
- fuel costs, interest rates and weather conditions;
- the timing, magnitude and number of acquisitions made by Kirby;
- the occurrence of marine accidents or other hazards;
- developments in and losses resulting from claims and litigation;
- natural events such as severe weather, fires, floods and earthquakes, or acts of terrorism;

changes in operating conditions and costs;

the extent of Kirby s or K-Sea s ability to achieve their respective operational and financial goals and initiatives; and

K-Sea s continued taxation as a partnership and not as a corporation.

In addition, the acquisition of K-Sea by Kirby is subject to the satisfaction of the conditions to the completion of the merger and the absence of events that could give rise to the termination of the merger agreement, the possibility that the merger does not close, risks that the proposed acquisition disrupts current plans and operations and business relationships or poses difficulties in attracting or retaining employees, the

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possibility that the costs or difficulties related to the integration of the two companies will be greater than expected and the possibility that the anticipated benefits from the merger cannot or will not be fully realized.

Kirby and K-Sea caution against placing undue reliance on forward-looking statements, which reflect Kirby s and K-Sea s current beliefs and are based on information currently available to Kirby and K-Sea as of the date a forward-looking statement is made. Forward-looking statements set forth or incorporated by reference herein speak only as of the date of this proxy statement/prospectus or the date of the document incorporated by reference into this proxy statement/prospectus, as the case may be. Neither Kirby nor K-Sea undertake any obligation to revise forward-looking statements to reflect future events, changes in circumstances, or changes in beliefs. In the event that Kirby or K-Sea do update any forward-looking statements, no inference should be made that Kirby or K-Sea will make additional updates with respect to that statement, related matters, or any other forward-looking statements. Any corrections or revisions and other important assumptions and factors that could cause actual results to differ materially from forward-looking statements, including discussions of significant risk factors, may appear in Kirby s or K-Sea s public filings with the SEC, which are accessible at *www.sec.gov*, and which you are advised to consult. For additional information, please see the section titled Where You Can Find More Information beginning on page 120 of this proxy statement/prospectus.

INFORMATION ABOUT THE COMPANIES

Kirby Corporation

Kirby Corporation, a publicly traded company based in Houston, Texas, conducts its business operations in the marine transportation and diesel engine services industries. Through its marine transportation subsidiaries, Kirby operates inland tank barges and towing vessels, transporting petrochemicals, black oil products, refined petroleum products and agricultural chemicals throughout the United States inland waterway system. Kirby also owns and operates four ocean-going barge and tug units which transport dry-bulk commodities in United States coastwise trade. Through its diesel engine services subsidiaries, Kirby provides after-market service for medium-speed and high-speed diesel engines and reduction gears used in marine, power generation and railroad applications, distributes and services high-speed diesel engines, transmissions, pumps and compression products, and manufactures oilfield service equipment, including hydraulic fracturing equipment, for land-based pressure pumping and oilfield services markets. Kirby s principal executive offices are located at 55 Waugh Drive, Suite 1000, Houston, Texas 77007, and its telephone number is (713) 435-1000.

Additional information about Kirby and its subsidiaries is included in documents incorporated by reference into this proxy statement/prospectus. For further information, please see the section titled Where You Can Find More Information beginning on page 120 of this proxy statement/prospectus.

KSP Merger Sub, LLC

KSP Merger Sub, LLC is an indirect wholly owned subsidiary of Kirby. Merger Sub has not carried on any activities to date, other than activities incidental to its formation or undertaken in connection with the transactions contemplated by the merger agreement. The principal executive offices of Merger Sub are located at 55 Waugh Drive, Suite 1000, Houston, Texas 77007, and its telephone number is (713) 435-1000.

K-Sea Transportation Partners L.P.

K-Sea Transportation Partners L.P. is a publicly traded limited partnership, the common units of which are listed on the NYSE under the ticker symbol KSP. K-Sea s business activities are conducted through its subsidiary, K-Sea Operating Partnership L.P., a Delaware limited partnership referred to as the operating partnership, and the

subsidiaries of the operating partnership. K-Sea Management GP, the general partner of K-Sea GP, has ultimate responsibility for managing K-Sea s business. K-Sea is a leading provider of marine transportation, distribution and logistics services for refined petroleum products in the United States. As of December 31, 2010, K-Sea operated a fleet of 57 tank barges and 64 tugboats with approximately 3.7 million

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barrels of capacity that serve a wide range of customers, including major oil companies, oil traders and refiners. As of December 31, 2010, approximately 98% of K-Sea s barrel-carrying capacity was double-hulled. As of December 31, 2010, all of K-Sea s tank vessels except two operated under the U.S. flag, and all but three were qualified to transport cargo between U.S. ports under the Jones Act. For the fiscal year ended June 30, 2010, K-Sea s fleet transported approximately 129 million barrels of refined petroleum products for K-Sea s customers, including BP, ConocoPhillips, ExxonMobil and Tesoro. These four customers have been doing business with K-Sea for approximately 19 years on average. K-Sea does not assume ownership of any of the products it transports. During fiscal 2010, K-Sea derived approximately 70% of its revenue from longer-term contracts that are generally for periods of one year or more. K-Sea s principal executive office is located at One Tower Center Boulevard, 17th Floor, East Brunswick, New Jersey 08816, and its telephone number at that address is (732) 565-3818.

Additional information about K-Sea and its subsidiaries is included in documents incorporated by reference into this proxy statement/prospectus. For further information, please see the section titled Where You Can Find More Information beginning on page 120 of this proxy statement/prospectus.

SPECIAL MEETING OF K-SEA UNITHOLDERS

This section contains information about the special meeting of unitholders of K-Sea that has been called to approve the merger agreement and the transactions contemplated thereby, including the merger, to approve the Amended and Restated Incentive Plan, and to approve, on an advisory basis, the compensation to be received by the K-Sea Management GP executive officers in connection with the merger. This proxy statement/prospectus is being furnished to K-Sea unitholders in connection with the solicitation of proxies by the K-Sea Board of Directors to be used at the special meeting. K-Sea is first mailing this proxy statement/prospectus and enclosed proxy card on or about [ ], 2011.

Date, Time and Place of the Special Meeting

A special meeting of K-Sea unitholders will be held on [ ], 2011, starting at [ ], local time (unless it is adjourned or postponed to a later date) at One Tower Center Boulevard, 17th Floor, East Brunswick, New Jersey 08816.

Admission to the Special Meeting

All K-Sea unitholders are invited to attend the special meeting. Persons who are not K-Sea unitholders may attend only if invited by K-Sea. If you own units in street or nominee name, you must bring proof of ownership (e.g., a current broker s statement) in order to be admitted to the special meeting.

Purpose of the Special Meeting

1. To consider and vote upon the approval of the merger agreement and the transactions contemplated thereby, including the merger;

2. To consider and vote upon the approval of the Amended and Restated Incentive Plan;

3. To cast an advisory vote on the compensation to be received by K-Sea Management GP executive officers in connection with the merger; and

4. To consider and vote upon any proposal to transact such other business as may properly come before the special meeting and any adjournment or postponement thereof.

Recommendation of the K-Sea Board of Directors

The K-Sea Board of Directors, acting upon the unanimous recommendation of the K-Sea Conflicts Committee, which is comprised of independent directors, has unanimously approved and declared the advisability of the merger agreement and the transactions contemplated thereby, including the merger, and has determined that the merger agreement and the transactions contemplated thereby, including the merger, are fair

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and reasonable to, and in the best interests of, K-Sea, K-Sea GP and K-Sea s unitholders. In addition, the K-Sea Board of Directors unanimously recommends that the K-Sea unitholders vote (i) to approve the Amended and Restated Incentive Plan and (ii) to approve, on an advisory basis, the compensation to be received by K-Sea Management GP executive officers in connection with the merger.

K-Sea unitholders should carefully read this document in its entirety for more detailed information concerning the merger agreement and the transactions contemplated thereby, including the merger, and the Amended and Restated Incentive Plan. In particular, K-Sea unitholders are directed to the merger agreement, which is attached hereto as Annex A, and the Amended and Restated Incentive Plan, which is attached hereto as Annex G.

Record Date; Unitholders Entitled to Vote; Outstanding Units Held

The K-Sea Board of Directors has designated the close of business on [ ], 2011 as the record date that will determine the unitholders who are entitled to receive notice of, and to vote at, the special meeting or at any adjournment or postponement of the special meeting. Only holders of record at the close of business on the record date are entitled to vote at the special meeting. At the close of business on the record date, there were [ ] K-Sea common units outstanding, held by approximately [ ] holders of record. Also at the close of business on the record date, there were [ ] K-Sea preferred units outstanding, held by one holder of record. Each holder of K-Sea common units is entitled to one vote per common unit held. The holder of K-Sea preferred units is entitled to (i) one vote per unit (voting on an as-converted to common units basis) on each of the proposals above and (ii) one vote per unit with respect to the separate preferred unit class vote required for approval of the merger agreement and the transactions contemplated thereby, including the merger.

Quorum

A quorum requires the presence, in person or by proxy, of holders of a majority of the outstanding K-Sea units (including the preferred units on an as-converted to common units basis). K-Sea units will be counted as present at the special meeting if the holder is present and votes in person at the meeting or has submitted a properly executed proxy card. Proxies received but marked as abstentions will be counted as units that are present and entitled to vote for purposes of determining the presence of a quorum. If an executed proxy is returned by a broker or other nominee holding K-Sea units in street name indicating that the broker does not have discretionary authority as to certain units to vote on the proposals, such units will be considered present at the meeting for purposes of determining the presence of a quorum but will not be considered entitled to vote.

Required Vote

The merger agreement and the transactions contemplated thereby, including the merger, must receive the approval of a majority of the holders of the outstanding K-Sea common units and the outstanding K-Sea preferred units (voting on an as-converted to common units basis), voting together as a single class, and the approval of a majority of the holders of the outstanding K-Sea preferred units voting separately as a class, to be effective.

The approval of the Amended and Restated Incentive Plan requires the affirmative vote of the holders of a majority of the outstanding K-Sea common units and the outstanding K-Sea preferred units (voting on an as-converted to common units basis), voting together as a single class, who are entitled to vote as of the record date.

The advisory vote of K-Sea unitholders on the compensation to be received by K-Sea Management GP executive officers in connection with the merger will be approved if the holders of a majority of the outstanding K-Sea common units and outstanding K-Sea preferred units (voting on an as-converted to common units basis), voting together as a single class, vote For such proposal. This proposal is advisory in nature and will not be binding on K-Sea or the K-Sea

Board of Directors.

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The affirmative vote of the holders of a majority of the outstanding K-Sea common units (including the K-Sea preferred units voting on an as-converted to common units basis), voting together as a single class, who are entitled to vote as of the record date is required to approve the other matters to be considered at the special meeting.

Support Agreements

The K-Sea supporting unitholders have agreed to attend the special meeting and to vote their units in favor of the merger agreement and the transactions contemplated thereby, including the merger. Together, these unitholders currently hold 100% of the outstanding K-Sea preferred units and approximately 59.9% of the outstanding K-Sea common units (including the outstanding K-Sea preferred units on an as-converted to common units basis), which is a sufficient number of units to approve the merger agreement and the transactions contemplated thereby, including the merger. Accordingly, subject to the terms and conditions of the support agreements described in this proxy statement/prospectus, it is expected that the merger agreement and the transactions contemplated thereby, including the merger, will be approved without the vote of any other holders of K-Sea units.

Units Beneficially Owned by Directors and Executive Officers

The members of the K-Sea Board of Directors and executive officers of K-Sea Management GP beneficially owned an aggregate of 4,030,002 common units as of March 31, 2011. These units represent in total approximately 10.5% of the total voting power of K-Sea s voting securities, which is 21% of the vote required for approval of the merger by the holders of a majority of the outstanding K-Sea common units and the outstanding K-Sea preferred units (voting on an as-converted to common units basis), voting together as a single class.

Proxies

You may vote in person by ballot at the special meeting or by submitting a proxy. Please submit your proxy even if you plan to attend the special meeting. If you attend the special meeting, you may vote by ballot, thereby canceling any proxy previously given.

Voting instructions are included on your proxy card. If you properly give your proxy and submit it to K-Sea in time for it to be voted, one of the individuals named as your proxy will vote your units as you have directed. You may vote for or against the proposals or abstain from voting.

Abstentions

The required vote of K-Sea unitholders on the proposals to be voted on at the special meeting is based upon the number of K-Sea units outstanding on the record date, and not the number of K-Sea units that are actually voted. Accordingly, the failure to submit a proxy card or to vote by internet, telephone or in person at the special meeting or an abstention from voting will have the same effect as a vote cast against the proposals to be voted on at the special meeting.

Units Held in Street Name

If you hold K-Sea units in the name of a bank, broker or other nominee, you should follow the instructions provided by your bank, broker or nominee when voting your K-Sea units or when granting or revoking a proxy.

Absent specific instructions from you, your broker is not empowered to vote your K-Sea units. The units not voted because brokers lack power to vote them without instructions are also known as broker non-votes.

Failures to vote, abstentions and broker non-votes will have the same effect as a vote against the proposals to be voted on at the special meeting for purposes of the majority vote required under the partnership agreement.

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How to Submit Your Proxy

By Mail: To submit your proxy by mail, simply mark your proxy, date and sign it, and if you are a K-Sea unitholder, return it to American Stock Transfer & Trust Company in the postage-paid envelope provided. If the envelope is missing, please address your completed proxy card to the address on your proxy card. If you are a beneficial owner, please refer to your instruction card or the information provided to you by your bank, broker, custodian or record holder.

By Telephone: If you are a K-Sea unitholder of record, you can submit your proxy by telephone by calling the toll-free telephone number on your proxy card. Telephone voting is available 24 hours a day and will be accessible until 11:59 p.m. on [ ], 2011. Easy-to-follow voice prompts allow you to submit your proxy and confirm that your instructions have been properly recorded. If you are a beneficial owner, please refer to your instruction card or the information provided by your bank, broker, custodian or record holder for information on submitting voting instructions by telephone. If you submit your proxy by telephone you do not need to return your proxy card. If you are located outside the United States, Canada and Puerto Rico, please read your proxy card or other materials for additional instructions. If you hold K-Sea units through a broker or other custodian, please check the voting form used by that firm to see if it offers telephone voting.

By Internet: You can also choose to submit your proxy on the internet. If you are a K-Sea unitholder of record, the website for internet voting is on your proxy card. Internet voting is available 24 hours a day and will be accessible until 11:59 p.m. on [ ], 2011. If you are a beneficial owner, please refer to your instruction card or the information provided by your bank, broker, custodian or record holder for information on internet voting. As with telephone voting, you will be given the opportunity to confirm that your instructions have been properly recorded. If you submit your proxy on the internet, you do not need to return your proxy card. If you hold K-Sea units through a broker or other custodian, please check the voting form to see if it offers internet voting.

In Person: You may vote by ballot at the special meeting or send a representative with an acceptable proxy that has been signed and dated. If your K-Sea units are held in the name of a bank, broker or other nominee, you must obtain a proxy, executed in your favor, from the holder of record, to be able to vote at the special meeting.

Unitholders Sharing an Address

Consistent with notices sent to record unitholders sharing a single address, K-Sea is sending only one copy of this proxy statement/prospectus to that address unless K-Sea received contrary instructions from any unitholder at that address. This householding practice reduces K-Sea s printing and postage costs. Unitholders may request a separate copy of this proxy statement/prospectus by contacting Terrence P. Gill at K-Sea Transportation, One Tower Center Boulevard, 17th Floor, East Brunswick, New Jersey 08816 or by contacting K-Sea Investor Relations via telephone at (732) 565-3818 or via e-mail at investors@k-sea.com.

Revoking Your Proxy

If you submit a completed proxy card with instructions on how to vote your K-Sea units and then wish to revoke your instructions, you should submit a notice of revocation to American Stock Transfer & Trust Company as soon as possible. You may revoke your proxy by internet, telephone or mail at any time before it is voted by:

- timely delivery of a valid, later-dated proxy or timely submission of a later-dated proxy by telephone or internet;

written notice to the Secretary of K-Sea Management GP before the special meeting that you have revoked your proxy; or

voting by ballot at the special meeting.

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Adjournments and Postponements

Pursuant to K-Sea s partnership agreement, a meeting of K-Sea s unitholders may be adjourned by K-Sea GP or, in the absence of a quorum, by the affirmative vote of holders of at least a majority of the outstanding units entitled to vote at such meeting represented either in person or by proxy, but no other business may be transacted at such meeting. When a meeting is adjourned to another time and place, so long as the time and place thereof are announced at the meeting at which the adjournment is taken and the adjourned meeting is held within 45 days of the original meeting date, no notice need be given of the adjourned meeting and a new record date need not be set. If the adjournment is for more than 45 days or if a new record date is fixed, a notice of the adjourned meeting must be given. The number of units owned by the K-Sea supporting unitholders constitutes a quorum, and under their support agreements, the K-Sea supporting unitholders have agreed to attend the special meeting and vote in favor of the merger agreement, including the merger, so an adjournment of the special meeting is not expected.

In addition, at any time prior to convening the special meeting, the special meeting may be postponed without the approval of K-Sea unitholders. If postponed, K-Sea will publicly announce the new meeting date. Similar to adjournments, any postponement of the special meeting for the purpose of soliciting additional proxies will allow K-Sea unitholders who have already sent in their proxies to revoke them at any time prior to their use.

Proxy Solicitation

K-Sea and Kirby will each bear their own costs and expenses incurred in connection with the filing, printing and mailing of the proxy statement/prospectus and the retention of any information agent or other service provider in connection with the merger. This proxy solicitation is being made by K-Sea on behalf of the K-Sea Board of Directors. In addition to this mailing, proxies may be solicited by directors, officers or employees of K-Sea Management GP or its affiliates in person or by telephone or electronic transmission. None of the directors, officers or employees will be directly compensated for such services.

Other Business

The K-Sea Board is not currently aware of any business to be acted upon at the special meeting other than the matters described in this proxy statement/prospectus. If, however, other matters are properly brought before the special meeting, the persons appointed as proxies will have discretion to vote or act on those matters as in their judgment is in the best interest of K-Sea and its unitholders.

PROPOSAL 1 THE MERGER

The following is a discussion of the merger and the merger agreement. This is a summary only and may not contain all of the information that is important to you. A copy of the merger agreement is attached to this proxy statement/prospectus as Annex A and is incorporated by reference herein. K-Sea s unitholders are urged to read this entire proxy statement/prospectus, including the merger agreement, for a more complete understanding of the merger.

General

Kirby and K-Sea agreed to the acquisition of K-Sea by Kirby under the terms of the merger agreement that is described in this proxy statement/prospectus. In the merger, Merger Sub will merge with and into K-Sea, with K-Sea surviving as an indirect wholly owned subsidiary of Kirby. Kirby LP Sub, a direct wholly owned subsidiary of Kirby, will be the sole limited partner of K-Sea, and Kirby Holding Sub, a direct wholly owned subsidiary of Kirby, will be the sole general partner of K-Sea.

Background of the Merger

Since the inception of K-Sea, as a matter of course and in an ongoing effort to enhance long-term value to unitholders of K-Sea, the K-Sea Board of Directors and the executive management team of K-Sea

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Management GP have regularly reviewed and evaluated a variety of strategic alternatives available to K-Sea (including acquisitions of businesses and assets, the sale of some assets, the sale of the general partner or the entire partnership, possible joint ventures, and various financing options).

As participants in the marine transportation industry, representatives of K-Sea and Kirby have had frequent contact over the years at industry events and in other venues. At various times, representatives of K-Sea and Kirby discussed industry conditions and the possibility of a strategic transaction between the two companies. In June 2008, representatives of Kirby and K-Sea again discussed the potential for a strategic transaction between the two companies. Following this conversation, K-Sea and Kirby entered into a confidentiality agreement on June 27, 2008. During the weeks following the execution of the confidentiality agreement, representatives of K-Sea and Kirby had very general discussions about the possibility of a strategic transaction, but these discussions eventually terminated without any agreement on the form, scope or financial terms of a possible transaction. During the course of these discussions, K-Sea and Kirby did not exchange any non-public information.

In addition to the aforementioned dialogue, periodically throughout 2008 and early to mid 2009, K-Sea management received inquiries from various parties regarding a range of strategic possibilities involving K-Sea, but nothing of a definitive or concrete nature. To ensure it was appropriately advised on these matters, the K-Sea Board of Directors enlisted the services of UBS Securities LLC (UBS), a widely recognized investment bank with expertise in both the maritime industry and the master limited partnership (MLP) structure in general, and K-Sea in particular. UBS s prior experience with K-Sea extends back to K-Sea s initial public offering in 2004, where UBS acted as a lead manager, and also includes its participation as a co-manager or bookrunner in multiple follow-on equity offerings of K-Sea. On August 24, 2009, the K-Sea Board of Directors authorized management to retain UBS to act as exclusive financial advisor to K-Sea Management GP to assist in evaluating these possibilities as well as to seek additional interest from third parties regarding a strategic transaction with K-Sea. One of the parties contacted by UBS was Kirby, which decided not to pursue a transaction with K-Sea at that time. Over the several months following the engagement of UBS, the K-Sea Board of Directors considered various possible transactions, and K-Sea s management and UBS held high-level discussions with several companies. Ultimately, these discussions did not result in an acceptable definitive proposal from any interested parties, and the K-Sea Board of Directors decided to continue with the execution of its existing business plan for K-Sea.

In the fourth calendar quarter of 2009, K-Sea began to experience a significant deterioration of its operating results and financial condition due to a severe downturn in its business resulting from the U.S. economic recession. As demand declined and as term charter contracts for its vessels expired, K-Sea s customers failed to enter into new term charter agreements, the effect of which required K-Sea to pursue customers in the spot charter market which was weak due to excess capacity in the coastwise market.

The continued deterioration in K-Sea s business as a result of the downturn in the U.S. economy led K-Sea to reduce its regular quarterly distribution to unitholders from $0.77 per unit to $0.45 per unit on October 28, 2009. The reduction in the regular quarterly distribution resulted in a significant drop in the trading price of K-Sea common units. As a result of its deteriorating financial condition throughout the fourth calendar quarter of 2009 and the likelihood of a weak first calendar quarter in 2010, K-Sea eliminated its regular quarterly distribution on January 28, 2010. As part of this decision, K-Sea recognized it would have difficulty complying with certain provisions of its debt and lease agreements. This resulted in amendments to the financial covenants within such agreements in December 2009 and September 2010.

As a result of the prolonged downturn in K-Sea s business, in May 2010, K-Sea launched a process, under the direction and with oversight from the K-Sea Board of Directors, to explore strategic alternatives for K-Sea, including an outright sale of K-Sea or a significant equity investment. During the weeks of May 16 and May 23, UBS contacted three potential strategic partnership buyers, four potential financial sponsors and four potential strategic corporate

buyers, including Kirby. In June 2010, Joseph H. Pyne, Kirby s Chief Executive Officer, and David W. Grzebinski, Kirby s Chief Financial Officer, met with James J. Dowling, Chairman of the K-Sea Board of Directors, and Timothy J. Casey, President and Chief Executive Officer of K-Sea Management GP, to discuss the possibility of a strategic transaction between the two companies, but

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Kirby elected not to sign a confidentiality agreement or otherwise pursue a possible transaction at that time, and there were no further discussions with Kirby.

K-Sea signed confidentiality agreements with four of the parties contacted by UBS, consisting of three financial sponsors and one strategic partnership buyer. K-Sea s management provided presentations to each of the four parties, and each party submitted a proposal to K-Sea during the weeks of June 13 and June 20. Upon receipt of these proposals, at the direction of the K-Sea Board of Directors, K-Sea s management asked UBS to seek improved terms from the three financial sponsors, which were received between July 2 and July 6. The strategic partnership buyer revised its proposal as well. The revised proposals from the three financial sponsors contemplated investments in K-Sea ranging from $100.0 million to $125 million, with varying levels of control and other covenants. The revised proposal from the strategic partnership buyer contemplated a unit-for-unit merger at a price of $2.00 per K-Sea unit.

On July 8, 2010, K-Sea announced that it had executed an amendment letter to its revolving credit agreement to evidence an agreement with the revolving credit lenders to negotiate changes in certain financial covenants through August 31, 2010. In the event K-Sea fell out of compliance with its financial covenants, the amendment letter would grant a temporary waiver of compliance with the financial covenants through August 31, 2010.

On July 10, 2010, a strategic corporate buyer other than Kirby submitted a proposal to acquire K-Sea in exchange for convertible securities with a conversion premium of 31.6% over the strategic buyer s closing stock price on July 9, 2010, and at a face value of between $6.40 and $7.40 per K-Sea common unit. The K-Sea Board of Directors, after consultation with UBS, believed the fair market value of the proposal would be less than its face value and that the proposed transaction had a meaningful risk of not being completed and, consequently, was not in the best interests of K-Sea unitholders.

UBS reviewed the revised proposals with the K-Sea Board of Directors on July 12, 2010. At the direction of the K-Sea Board of Directors, UBS sought improved terms from two of the financial sponsors, which were received between July 13 and July 14. The proposals from the remaining financial sponsor and the two strategic buyers were considered too low in value, complex in structure or speculative in likelihood of completion to warrant further negotiation.

After reviewing the revised financial sponsor proposals with the K-Sea Board of Directors, UBS invited KA First Reserve, LLC (KA First Reserve), a partnership between affiliates of First Reserve Corporation (First Reserve) and Kayne Anderson Capital Advisors L.P. (Kayne Anderson), to proceed with due diligence and contract negotiation, which occurred between July 19 and August 30, 2010.

On September 1, 2010, K-Sea and its general partner entered into a securities purchase agreement with KA First Reserve, whereby KA First Reserve invested $100 million in cash in K-Sea in exchange for the K-Sea preferred units. The K-Sea preferred units were priced at $5.43 per unit, which represented a 10% premium to the 5-day volume weighted average price of K-Sea s common units as of August 26, 2010. The net proceeds from the sale of the K-Sea preferred units were used to reduce outstanding indebtedness and pay fees and expenses related to the transaction. The K-Sea preferred units pay a quarterly distribution at a rate of 13.5% per annum, with such distributions paid-in-kind through the quarter ended June 30, 2012 or, if earlier, when K-Sea resumes cash distributions on its common units. On September 10, 2010, in conjunction with KA First Reserve s investment, the number of directors on the K-Sea Board of Directors was increased from six to nine, and KA First Reserve appointed James C. Baker, Gary D. Reaves II and Kevin S. McCarthy as members of the K-Sea Board of Directors.

Also on September 1, 2010, K-Sea entered into an amendment to its revolving credit facility to (1) reduce the revolving lenders commitments from $175 million to $115 million (subject to a maximum borrowing base equal to two-thirds of the orderly liquidation value of the vessel collateral), (2) amend the fixed charge coverage and total

funded debt to EBITDA covenants and increase the asset coverage ratio, and (3) allow K-Sea to pay cash distributions subject to liquidity requirements and certain minimum financial ratios starting with the fiscal quarter ending March 31, 2011.

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After receiving the preferred equity investment from KA First Reserve, the Compensation Committee of the K-Sea Board of Directors undertook a review of K-Sea s compensation practices, which included, among other things, a review of K-Sea s financial performance in fiscal 2009 and fiscal 2010, K-Sea s progress on its fiscal 2010 action plan, the implications of the KA First Reserve investment and the contributions of K-Sea Management GP executive officers during this difficult period. Given the state of the economy and the challenges facing K-Sea s business, the executive officers had not received salary increases, cash bonuses or equity compensation grants since September 2008. On December 14, 2010, the Compensation Committee of the K-Sea Board of Directors set new base salaries for K-Sea Management GP executive officers, approved retention bonuses for the executive officers, established a fiscal 2011 incentive compensation program for the executive officers and made grants of phantom units to the executive officers. Also on December 14, 2010, the Compensation Committee of the K-Sea Board of Directors made K-Sea phantom unit grants to the independent directors on the K-Sea Board of Directors, who had last received an equity grant in August 2007.

During late December 2010 and early January 2011, Mr. Pyne exchanged phone calls and e-mail messages with Mr. McCarthy regarding setting up a meeting between K-Sea, Kayne Anderson and KA First Reserve.

On January 14, 2011, Messrs. Pyne and Grzebinski from Kirby, Messrs. McCarthy and Baker from Kayne Anderson and Timothy Day and Gary Reaves from First Reserve met for lunch. During the course of the meeting, they discussed business conditions in general and the future opportunities and challenges facing the oil industry generally and the marine transportation sector specifically. Mr. Pyne also stated that Kirby might be interested in pursuing a strategic transaction between Kirby and K-Sea, but the specific terms of any potential transaction were not discussed.

Between January 14 and January 30, 2011, Mr. Pyne contacted Mr. McCarthy on several occasions to determine whether K-Sea would be interested in discussing a potential transaction. Mr. McCarthy informed Mr. Pyne that KA First Reserve would like to speak with Mr. Dowling before responding. On February 1, 2011, Mr. Pyne notified Mr. McCarthy by e-mail that Kirby was interested in acquiring K-Sea.

On February 2, 2011, Mr. McCarthy, Mr. Baker and Mr. Reaves informed Mr. Dowling about Kirby s interest in acquiring K-Sea. Messrs. McCarthy, Baker and Reaves, representatives of KA First Reserve, indicated to Mr. Dowling that they believed that Kirby s proposal warranted consideration by the K-Sea Board of Directors.

On February 2, 2011, Mr. McCarthy and representatives of KA First Reserve spoke by telephone with Mr. Casey, Brian P. Friedman, a director of K-Sea, and Mr. Dowling about Kirby s proposal. These individuals then spoke with Latham & Watkins LLP (Latham & Watkins), counsel to K-Sea, about various legal matters associated with Kirby s proposal and process considerations.

Also on February 2, 2011, Messrs. Pyne and McCarthy spoke by telephone. They discussed the next steps with respect to Kirby s proposal, including the need for the parties to extend the June 2008 confidentiality agreement and for K-Sea to receive a written indication of interest from Kirby.

On February 3, 2011, Mr. Dowling informed Barry Alperin, Anthony Abbate and Frank Salerno, each of whom is a member of the K-Sea Board of Directors, of the discussions with Kirby.

On February 4, 2011, Kirby and K-Sea agreed to extend their confidentiality agreement entered into in June 2008.

Later on February 4, 2011, in response to a request from Kirby, K-Sea provided Kirby with financial projections for 2011 through June 2015, which were the same projections provided to Stifel Nicolaus on February 21, 2011.

On February 7, 2011, representatives of Kirby, including Mr. Grzebinski, and Renato Castro, Treasurer of Kirby, and representatives of K-Sea, including Mr. Casey and Terrence P. Gill, Chief Financial Officer of K-Sea Management GP, participated in a conference call to discuss K-Sea s business. During the week following this call, K-Sea provided Kirby with additional due diligence information regarding its business as requested by Kirby.

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On February 9, 2011, Messrs. Pyne and McCarthy spoke again by telephone regarding Kirby s interest in acquiring K-Sea. During this conversation, Mr. Pyne indicated that Kirby would be willing to pay up to $306.0 million to acquire all of the outstanding common units and preferred units of K-Sea.

Later on February 9, 2011, Mr. McCarthy informed Messrs. Baker, Casey, Dowling and Reaves of his conversation with Mr. Pyne. After discussion, Mr. McCarthy informed Mr. Pyne by telephone that Kirby s proposal was inadequate. He also informed Mr. Pyne that any subsequent proposal by Kirby must account for the value of the general partner units (which conveyed control) and incentive distribution rights (which entitled the holder thereof to increasing percentages of K-Sea s distributable cash flow above certain levels), not just the common units and preferred units of K-Sea.

On February 10, 2011, Mr. Pyne and Mr. McCarthy spoke again on the telephone. During this call, Mr. Pyne told Mr. McCarthy that Kirby had revised its proposal and would be willing to pay $316.0 million, in a mix of cash and Kirby common stock, to acquire all of the equity interests in K-Sea and K-Sea GP.

Later on February 10, 2011, Mr. McCarthy informed Messrs. Baker, Casey, Dowling and Reaves of Kirby s revised proposal. Messrs. McCarthy and Pyne then spoke again by telephone. Mr. McCarthy told Mr. Pyne that Kirby s revised proposal was inadequate. Mr. McCarthy suggested, however, that representatives of K-Sea and representatives of Kirby meet in person for further discussions.

On February 14, 2011, Messrs. Casey and Gill met in Houston, Texas with Mr. Pyne, Mr. Grzebinski, Gregory Binion, President of Kirby Inland Marine, and Mark Buese, a Kirby employee, to further discuss the business of K-Sea, its ownership structure and details of Kirby s proposal. During this meeting, Messrs. Pyne, Casey and Gill discussed a variety of matters regarding Kirby and K-Sea, including the various growth opportunities available to a combined company.

Also on February 14, 2011, Kirby submitted a due diligence request list to K-Sea.

On February 15, 2011, Kirby submitted to K-Sea a non-binding written indication of interest to acquire all of the outstanding equity interests in K-Sea and K-Sea GP for the total amount of $329.0 million. The proposed consideration was comprised of $18.0 million for the general partner interest and the incentive distribution rights in K-Sea (which have had significant value in the past and which conveyed significant economic rights if K-Sea s business recovered) and $8.00 for each common, general partner and preferred unit then outstanding. Kirby s proposal would have allowed K-Sea s common equity holders to have an option to elect to receive up to 50% of the consideration in Kirby common stock with the remainder delivered in cash. The holder of the K-Sea preferred units would receive consideration consisting of 50% cash and 50% Kirby common stock. Thus, the holders of the K-Sea preferred units would not have the ability to elect the form of consideration to be received and, instead, would be required to take Kirby common stock as part of the transaction. In addition, Kirby indicated that it expected Jefferies Capital Partners, First Reserve and Kayne Anderson or their applicable affiliates to enter into support agreements to vote all of their respective units in favor of the proposed transaction.

On February 16, 2011, the K-Sea Board of Directors held a telephonic meeting, which was also attended by representatives of UBS and Latham & Watkins. At this meeting, the K-Sea Board of Directors discussed (1) the proposed aggregate valuation of the equity interests of K-Sea and the amount of debt that would be assumed in a potential transaction with Kirby based on various assumptions made by Kirby, (2) a tentative allocation of the consideration among the equity interests of K-Sea based on various assumptions made by Kirby, (3) conditions to the proposed transaction, including the completion of satisfactory due diligence, and (4) a request for confidentiality and pre-signing exclusivity. Latham & Watkins then advised the K-Sea Board of Directors of its duties under Delaware law. The K-Sea Board of Directors then discussed the possible conflict of interest created by the allocation of

$18.0 million for general partner interest and the incentive distribution rights in K-Sea (which entitled the holder thereof to increasing percentages of K-Sea s distributable cash flow above certain levels). In light of this potential conflict of interest, the K-Sea Board of Directors adopted resolutions to, among other things, (i) reaffirm the membership of the existing K-Sea Conflicts Committee (composed of Messrs. Alperin, Abbate and Salerno), (ii) reaffirm the powers and authority of the K-Sea Conflicts Committee, including the ability to hire independent legal and financial advisors, and (iii) empower the K-Sea Conflicts Committee to make a recommendation to the K-Sea Board of Directors regarding what action should be taken

by the K-Sea Board of Directors with respect to the proposed transaction. The K-Sea Conflicts Committee was not empowered to adopt a poison pill or other defensive mechanisms, nor was it empowered to seek other offers. The K-Sea Conflicts Committee is composed entirely of directors who are not (a) security holders, officers or employees of K-Sea GP, (b) officers, directors or employees of any affiliate of K-Sea GP or (c) holders of any ownership interest in K-Sea or its subsidiaries other than K-Sea common units and who also meet the independence standards required of directors who serve on an audit committee of a board of directors by the Securities Exchange Act of 1934 or the rules and regulations of the SEC thereunder and by the New York Stock Exchange. The members of the K-Sea Conflicts Committee (i) have no economic interest or expectancy of an economic interest in Kirby or its affiliates, and (ii) have no economic interest or expectancy of an economic interest in the surviving company that is different from a K-Sea unitholder.

On February 16 and February 17, 2011, Mr. Pyne and Mr. Casey had telephone conversations to discuss details of the stock component of the merger consideration.

On February 17, 2011, Mr. Alperin contacted representatives of DLA Piper LLP (DLA Piper) to retain the firm as counsel to the K-Sea Conflicts Committee in connection with the proposed merger. Mr. Alperin asked representatives of DLA Piper to attend a meeting with the K-Sea Conflicts Committee and a potential independent financial advisor to the K-Sea Conflicts Committee.

On February 18, 2011, K-Sea and UBS entered into an engagement letter whereby UBS agreed to act as financial advisor to K-Sea in connection with the potential transaction with Kirby or any other third party making a superior proposal to the transaction with Kirby. The engagement letter provided for the payment of a fixed fee from K-Sea to UBS upon the closing of a transaction. The engagement letter also provided for an incentive fee payable to UBS if the total purchase price in a transaction exceeded a certain threshold, plus an additional fee payable at the sole discretion of K-Sea.

On February 18, 2011, Messrs. Pyne and McCarthy spoke by telephone regarding the proposed consideration to be paid to preferred unitholders (consisting of 50% cash and 50% Kirby common stock) and the method for determining the number of shares of Kirby common stock to be received. The parties also discussed whether KA First Reserve would be allowed to receive any further preferred unit distributions and the duration, if any, of a lock-up period during which KA First Reserve would not be allowed to dispose of shares of Kirby common stock received in the merger.

On February 18, 2011, the K-Sea Conflicts Committee and representatives of DLA Piper interviewed representatives of Stifel Nicolaus regarding their experience and qualifications in advising in strategic transactions of the type contemplated by K-Sea. After due consideration of Stifel Nicolaus experience, the K-Sea Conflicts Committee decided to engage Stifel Nicolaus as independent financial advisor to the K-Sea Conflicts Committee. The K-Sea Conflicts Committee and DLA Piper went on to preliminarily discuss the proposed transaction, K-Sea s background, recent discussions regarding potential strategic transactions by K-Sea, procedural mechanics of the merger and the Stifel Nicolaus fairness opinion process. After due consideration of DLA Piper s experience and prior representation of special committees and conflicts committees, the K-Sea Conflicts Committee decided to engage DLA Piper as its counsel, subject to the execution of an acceptable engagement letter.

Between February 21, 2011 and March 2, 2011, Kirby and K-Sea exchanged projected financial and other due diligence information with Stifel Nicolaus and met with representatives of Stifel Nicolaus to discuss this due diligence information and the proposed merger.

On February 24, 2011, Messrs. Pyne, Grzebinski, McCarthy, Baker and Reaves met in person to further discuss the proposed consideration to be paid to preferred unitholders (consisting of 50% cash and 50% Kirby common stock) and the method for determining the number of shares of Kirby common stock to be received. The parties also discussed

whether KA First Reserve would be allowed to receive any further preferred unit distributions and the duration, if any, of a lock-up period during which KA First Reserve would not be allowed to dispose of shares of Kirby common stock received in the merger.

On February 26, 2011, K-Sea made available to Kirby and its advisors a virtual data room containing materials responsive to Kirby s due diligence request, and Kirby and its advisors continued their ongoing due diligence.

On February 28, 2011, Fulbright & Jaworski L.L.P. (Fulbright), counsel to Kirby, provided a draft merger agreement to K-Sea and Latham & Watkins. The draft merger agreement included, among other things, a proposed break-up fee of $30.0 million in the event of a termination of the agreement by K-Sea for a superior proposal. The draft merger agreement also contemplated the execution of support agreements which would require KA First Reserve and EW Transportation LLC, an affiliate of Jefferies Capital Partners, to vote the common units and preferred units of which they are the record and beneficial owner in favor of the approval of the merger agreement and the merger.

On March 1, 2011, Messrs. Pyne and McCarthy spoke by telephone regarding timing with respect to due diligence and the negotiation of the proposed merger agreement.

From March 2, 2011 through March 8, 2011, representatives of Kirby conducted on-site inspections of K-Sea s vessels located in Staten Island, New York, Seattle, Washington and Honolulu, Hawaii.

On March 3, 2011, the K-Sea Conflicts Committee and representatives of DLA Piper met with representatives of Stifel Nicolaus to review and discuss Stifel Nicolaus due diligence activities to date, preliminary information regarding Stifel Nicolaus analysis and the February 15, 2011 proposal made by Kirby. Stifel Nicolaus was advised that KA First Reserve, as the sole holder of K-Sea preferred units, agreed to waive the payment-in-kind (PIK) distribution to which it was entitled under K-Sea s partnership agreement and instead would receive such distribution in cash. If the PIK distribution were paid in K-Sea preferred units, it would increase KA First Reserve s ownership of K-Sea and would result in dilution of the per unit price by approximately $0.12. The K-Sea Conflicts Committee asked Stifel Nicolaus to conduct further analysis for presentation to the K-Sea Conflicts Committee on March 4, 2011.

On March 4, 2011, the K-Sea Conflicts Committee and representatives of DLA Piper met with Stifel Nicolaus to continue to discuss Stifel Nicolaus analysis of the proposed merger. Stifel Nicolaus made a preliminary presentation analyzing the potential merger, including an analysis of the potential merger from a financial point of view from the perspective of the holders of K-Sea common units (other than Jefferies Capital Partners, KA First Reserve and their respective affiliates), and there was extensive discussion regarding the merits of the potential transaction from the perspective of the holders of K-Sea common units. After Stifel Nicolaus was dismissed from the meeting, the K-Sea Conflicts Committee and DLA Piper then discussed the proposed draft of the merger agreement. The K-Sea Conflicts Committee charged DLA Piper with discussing certain terms of the agreement with Latham & Watkins and reporting back to the K-Sea Conflicts Committee.

From March 4, 2011 through March 10, 2011, DLA Piper and representatives of the K-Sea Conflicts Committee engaged in discussions with Latham & Watkins regarding certain terms of the merger agreement, including a reduction in the proposed $30.0 million break-up fee. The break-up fee was negotiated down to $12.0 million over the course of this same period.

On March 4, 2011, Messrs. McCarthy, Baker, Reaves, Casey and Dowling held a telephonic meeting to discuss the initial draft of the merger agreement. Also attending this meeting were representatives of UBS and Latham & Watkins. At this meeting, representatives of Latham & Watkins summarized the initial draft of the merger agreement and led a discussion of the key business and legal issues related to the draft merger agreement. At the end of the discussion, Messrs. McCarthy, Baker, Reaves, Casey and Dowling asked Latham & Watkins to revise the draft of the merger agreement in several key respects, including (i) the deletion of a provision that would ratchet down the merger consideration paid to holders of K-Sea common units if K-Sea made PIK distributions with respect to the K-Sea preferred units, (ii) the revision of the definition of material adverse effect, and (iii) the revision of certain provisions relating to fiduciary outs and other deal protection devices, including the proposed termination fee.

On March 4, 2011, Messrs. McCarthy, Baker and Reaves of K-Sea met with representatives of Kirby and performed due diligence on Kirby at Kirby s headquarters in Houston. During this meeting, the parties discussed issues related to due diligence and the proposed merger agreement.

On March 5, 2011, Kirby provided a draft of a support agreement to be executed by KA First Reserve and Jefferies Capital Partners, which would obligate these entities to vote in favor of the merger and the transactions contemplated thereby.

On March 6, 2011, Latham & Watkins provided a revised draft of the merger agreement to Kirby and Fulbright, subject to the review of DLA Piper. The initial draft of the merger agreement prepared by Fulbright did not contain any provisions concerning employment or severance benefits for K-Sea s executive officers. The March 6 Latham & Watkins revision added those provisions, among other things, and Kirby ultimately agreed to the provisions in the form included in the final merger agreement. Also on March 6, 2011, DLA Piper indicated to Latham & Watkins that the K-Sea Conflicts Committee had proposed the following modifications to the merger agreement: (a) for the first 30 days after signing, Kirby would only be entitled to a break-up fee equal to expense reimbursement up to an agreed upon cap, (b) after the first 30 days after signing, the break-up fee payable to Kirby would be the lower of 1 percent of K-Sea s enterprise value or $3.0 million plus capped expense reimbursement, and (c) Kirby would be required to pay K-Sea a fee of 2 percent of K-Sea s enterprise value or $6.0 million plus capped expense reimbursement if the merger agreement was terminated by reason of a breach by Kirby.

On March 7, 2011, Latham & Watkins, Fulbright, Messrs. McCarthy, Reaves, Casey and Dowling and representatives of Kirby had several discussions by telephone to negotiate various provisions of the merger agreement. Later on March 7, 2011, Latham & Watkins informed DLA Piper that Kirby was unwilling to accept its proposal from March 6, 2011.

On March 8, 2011, DLA Piper advised Latham & Watkins that the K-Sea Conflicts Committee would be willing to accept one of two alternatives from Kirby. The first alternative required inclusion in the merger agreement of a thirty day go-shop provision, a $9.0 million break-up fee payable by K-Sea and a $9.0 million reverse break-up fee payable by Kirby. The second alternative required an increase in the price to be paid for the units in the transaction to $8.15 per unit and a termination fee payable by K-Sea of $12.0 million.

Latham & Watkins and Fulbright held several discussions on March 8, 2011 regarding issues related to the draft merger agreement. During these discussions, representatives of Latham & Watkins communicated K-Sea s views relating to, among other things, the deal protection measures proposed in Kirby s draft merger agreement. Also on March 8, 2011, Latham & Watkins communicated the two alternatives proposed by the K-Sea Conflicts Committee with respect to deal protection measures and the purchase price. On March 8, 2011, Latham & Watkins clarified various aspects of the two proposals at the request of Fulbright.

On March 9, 2011, Latham & Watkins and DLA Piper discussed various alternative formulations of the fiduciary out standard in the draft merger agreement as proposed by Fulbright. Latham & Watkins and DLA Piper agreed on a response to be delivered to Kirby.

On March 9, 2011, Fulbright distributed a revised draft of the merger agreement, which contained changes responsive to the comments proposed by DLA Piper and Latham & Watkins. The revised draft incorporated an increased price per unit of $8.15 per unit, changes to the fiduciary out standard as proposed by the K-Sea Conflicts Committee and K-Sea, and a further reduction in the break-up fee to $12.0 million.

Later on March 9, 2011, Latham & Watkins distributed a revised draft of the merger agreement, which contained changes responsive to comments proposed by Fulbright. The revised draft included further changes to the proposed deal protections to expand the opportunities to consider alternative proposals that may lead to superior proposals.

On March 10, 2011, Latham & Watkins, Fulbright, Messrs. McCarthy, Baker and Reaves and representatives of Kirby met at the offices of Kirby, with Messrs. Dowling and Casey joining by telephone, to negotiate various provisions of

the merger agreement. Following the negotiating session, Fulbright distributed a revised draft of the merger agreement to which additional comments were provided, and a substantially final draft of the merger agreement was then circulated to the parties and their advisors. In addition, Latham & Watkins submitted a draft of K-Sea s disclosure schedules to the merger agreement to Kirby and Fulbright.

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On March 10, 2011 the K-Sea Conflicts Committee met with representatives of DLA Piper to discuss the changes in the proposed transaction terms and changes to the merger agreement.

On March 10, 2011, Kirby agreed to modify the form of support agreements to permit termination of the voting obligation by KA First Reserve and Jefferies Capital Partners in the event of a change in recommendation by the K-Sea Board of Directors.

On March 12, 2011, the parties finalized the form of support agreement.

On March 12, 2011, Fulbright provided a draft of Kirby s disclosure schedules to the merger agreement to K-Sea and Latham & Watkins. Also, on March 12, 2011, the K-Sea Conflicts Committee and representatives of DLA Piper met with Stifel Nicolaus. At that meeting, representatives of Stifel Nicolaus made a detailed presentation analyzing the proposed merger and responded to numerous questions from the K-Sea Conflicts Committee and DLA Piper. At the request of the K-Sea Conflicts Committee, Stifel Nicolaus then rendered its oral opinion (which was subsequently confirmed in writing by delivery of Stifel Nicolaus written opinion dated the same date) with respect to the fairness, from a financial point of view, of (i) the merger consideration to be paid by Kirby to the holders of K-Sea common units (other than Jefferies Capital Partners, KA First Reserve and their respective affiliates) in connection with the merger pursuant to the merger agreement and (ii) for those holders of K-Sea common units (other than Jefferies Capital Partners, KA First Reserve and their respective affiliates) who will receive Kirby common stock as a part of such consideration, the exchange ratio used in determining the number of shares of Kirby common stock, in each case, to be received by such holders of K-Sea common units. Representatives of DLA Piper then advised the K-Sea Conflicts Committee of changes to the terms of the merger agreement since the K-Sea Conflicts Committee was last updated on March 10, 2011 and that all material open issues had been resolved. The K-Sea Conflicts Committee resolved unanimously (i) that the merger agreement and the merger are fair and reasonable to K-Sea and its limited partners (other than Jefferies Capital Partners, KA First Reserve and their respective affiliates), (ii) that the agreement and the merger are approved, which approval constitutes Special Approval as defined in K-Sea s partnership agreement, and (iii) that the K-Sea Conflicts Committee recommends to the K-Sea Board of Directors approval of the merger.

Later on March 12, 2011, the K-Sea Board of Directors held a telephonic meeting to discuss the substantially final draft of the merger agreement. All of the members of the K-Sea Board of Directors attended this meeting, including the members of the K-Sea Conflicts Committee. Representatives of UBS and Latham and Watkins were also present. At the meeting, Latham & Watkins reviewed the K-Sea Board of Directors duties with respect to a potential sale transaction and reviewed the terms of the proposed merger agreement. Among other things, UBS described K-Sea s efforts beginning in May 2010 that led to the eventual preferred equity investment by KA First Reserve in September 2010. UBS also reviewed with the K-Sea Board of Directors the discussions that had occurred with Kirby since January 2011 regarding the proposed merger. UBS also discussed the strategic rationales for the transaction with the K-Sea Board of Directors. The K-Sea Conflicts Committee then informed the K-Sea Board of Directors that it had received the fairness opinion of Stifel Nicolaus and that it unanimously recommended that the K-Sea Board of Directors approve the proposed transaction. After further discussion, the K-Sea Board of Directors unanimously resolved that the merger agreement and the transactions contemplated by the merger agreement are advisable, fair and reasonable to and in the best interests of K-Sea, K-Sea GP and the limited partners of K-Sea (other than Jefferies Capital Partners, KA First Reserve and their respective affiliates). The K-Sea Board of Directors further recommended that the unitholders of K-Sea vote to adopt the merger agreement and approve the merger.

Later on in the afternoon of March 12, 2011, Latham & Watkins informed Fulbright that the K-Sea Board of Directors had approved the merger agreement. Fulbright informed Latham & Watkins that Kirby and its representatives were still examining K-Sea s disclosure schedules to the merger agreement. Fulbright then communicated with Latham & Watkins regarding certain questions on due diligence matters that remained to be answered. Latham & Watkins

communicated these questions to K-Sea s executive management team.

On the morning of March 13, 2011, the matters related to K-Sea s disclosure schedules to the merger agreement were resolved to the satisfaction of Kirby.

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Later on March 13, 2011, Kirby, K-Sea Holding Sub, K-Sea LP Sub, Merger Sub, K-Sea, K-Sea GP, K-Sea Management GP, and K-Sea IDR Holdings executed the merger agreement, and KA First Reserve and affiliates of Jefferies Capital Partners executed the support agreements.

On March 13, 2011, K-Sea and Kirby issued press releases announcing the execution of the merger agreement.

K-Sea s Reasons for the Merger; Recommendation of the K-Sea Board of Directors and the K-Sea Conflicts Committee

At a meeting of the K-Sea Board of Directors held on March 12, 2011, the K-Sea Board of Directors, with the assistance of K-Sea s legal and financial advisors, reviewed and discussed the terms of the merger agreement and the other related agreements. At the meeting, the K-Sea Board of Directors considered the benefits of the merger as well as the associated risks and unanimously determined that the merger, the merger agreement and the matters contemplated thereby are fair and reasonable to, and in the best interests of, K-Sea and K-Sea s unitholders (other than Jefferies Capital Partners, KA First Reserve and their respective affiliates). Accordingly, the K-Sea Board of Directors unanimously recommends that K-Sea s unitholders vote to approve the merger, the merger agreement and the transactions contemplated thereby.

In reaching its decision on the merger, the K-Sea Board of Directors consulted with its legal and financial advisors and considered the following factors that supported the approval of the merger:

the merger would provide the holders of K-Sea common units with the option to receive $8.15 in cash, or $4.075 in cash plus 0.0734 shares of Kirby common stock, for each K-Sea common unit, which represented a 9.7% increase to consideration proposed by Kirby in its initial proposal;

the financial analysis reviewed and discussed with the K-Sea Conflicts Committee by representatives of Stifel Nicolaus as well as the oral opinion of Stifel Nicolaus rendered to the K-Sea Conflicts Committee on March 12, 2011 (which was subsequently confirmed in writing by delivery of Stifel Nicolaus written opinion dated the same date) with respect to the fairness, from a financial point of view, of (i) the merger consideration to be paid by Kirby to the K-Sea common unitholders (other than Jefferies Capital Partners, KA First Reserve and their respective affiliates) in connection with the merger pursuant to the merger agreement and (ii) for those K-Sea common unitholders (other than Jefferies Capital Partners, KA First Reserve and their respective affiliates) who will receive shares of Kirby common stock as a part of such consideration, the exchange ratio used in determining the number of shares of Kirby common stock, in each case, to be received by such K-Sea common unitholders;

the opportunity for K-Sea s unitholders that receive Kirby common stock to participate in the long-term growth prospects of Kirby following the merger, which the K-Sea Board of Directors considered to be relatively more positive than the long-term growth prospects and projected distributions of K-Sea based upon K-Sea s historical and projected performance, in light of the following factors:

the negative impact of the downturn on many of K-Sea s primary customers, especially refiners, in 2009 and 2010;

after the merger, K-Sea will be a wholly owned subsidiary of Kirby, and, as a result, K-Sea s cost of capital will be reduced, which will enhance K-Sea s ability to compete in the U.S. coastwise trade and finance strategic and organic growth projects;

Kirby s financial position and past success in integrating acquisitions could facilitate future acquisitions;

Kirby s capital structure and governance structure is more easily understood by the investing public than K-Sea s capital and governance structure;

the complementary nature of K-Sea s and Kirby s respective business operations;

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K-Sea s experienced management team will continue to manage the day-to-day operations of K-Sea; and

as a result of the merger, K-Sea will no longer be a publicly-held reporting company, which the K-Sea Board of Directors estimated, based upon K-Sea management s input, would save approximately $2.1 million annually;

the unanimous determination of the K-Sea Conflicts Committee, which is comprised entirely of independent directors of K-Sea, that the merger agreement and the merger are fair and reasonable to K-Sea and its limited partners (other than Jefferies Capital Partners, KA First Reserve and their respective affiliates), as well as the K-Sea Conflicts Committee s approval of the merger agreement and the merger and recommendation that the K-Sea Board of Directors approve the merger agreement and the merger;

the value of the consideration to be issued in the merger represented a 26% premium to the closing price of K-Sea common units on Friday, March 11th and a 38% premium to the 30-day average closing price;

the business, operations, prospects, business strategy, properties, assets, cash position and financial condition of K-Sea, and the opportunity to realize a compelling value for K-Sea s equity interests compared to the risk and uncertainty associated with the operation of K-Sea s business (including the risk factors set forth in K-Sea s Annual Report on Form 10-K for the year ended June 30, 2010) in a cyclical industry and highly volatile and unpredictable financial environment;

the belief of the K-Sea Board of Directors, after a thorough, independent review of strategic alternatives and discussions with K-Sea s management and advisors, that the certainty of the value offered to unitholders in the merger was more favorable to the unitholders of K-Sea than the potential value that might have resulted from other strategic opportunities reasonably available to K-Sea, including remaining an independent company and pursuing K-Sea s strategic plan, or pursuing a business combination transaction with another party, in each case taking into account the potential benefits, risks and uncertainties associated with those other opportunities;

the probability that the merger will be completed, based on, among other things, the support of the holders of a majority of the K-Sea units necessary to obtain the required unitholder approvals, the absence of a financing condition, and the limited number of conditions to the merger;

the terms of the merger agreement, including the ability of K-Sea to consider and respond, under certain circumstances specified in the merger agreement, to an unsolicited, bona fide written proposal for a business combination from a third party;

the ability of the K-Sea Board of Directors under the merger agreement to withdraw or modify its recommendation in favor of the merger and its ability to terminate the merger agreement, in certain circumstances specified in the merger agreement, in connection with a superior offer, subject to payment of a termination fee of $12.0 million, and reimbursement of expenses up to $3.0 million; and

the termination fee and expense reimbursement payable by K-Sea to Kirby in the event of certain termination events under the merger agreement and the determination by the K-Sea Board of Directors that the termination fee and expense reimbursement are within the customary range of termination fees and expense reimbursement obligations for transactions of this type.

The K-Sea Board of Directors also considered the following factors that weighed against the approval of the merger:

the fact that the fraction of each share of Kirby common stock that the holders of K-Sea preferred units will receive (and that the holders of K-Sea common units may elect to receive) was fixed at the time of the execution of the merger agreement and will not increase if the price of Kirby common stock decreases;

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the holders of K-Sea units, generally, will recognize income or gain, for U.S. federal income tax purposes, as a result of the receipt of the merger consideration pursuant to the merger;

the potential delay in timing with respect to some anticipated benefits of the merger;

the bases on which the board of directors of Kirby made its determination are uncertain;

the risk that potential benefits sought in the merger might not be fully realized;

the risk that the merger might not be completed in a timely manner;

the risk that the merger might not be consummated as a result of a failure to satisfy the conditions contained in the merger agreement, including the failure to receive regulatory approval;

if the merger is not completed following public announcement of the execution of the merger agreement:

- the trading price of K-Sea common units could be adversely affected;
- K-Sea will have incurred significant transaction and opportunity costs attempting to consummate the transactions;
- K-Sea may have lost suppliers, business partners and employees after the announcement of the merger agreement;
- K-Sea s business may be subject to significant disruption;
- the market s perceptions of K-Sea s prospects could be adversely affected; and
- the K-Sea Board of Directors and management will have expended considerable time and effort to consummate the transactions;

the limitations on K-Sea s ability to solicit other offers;

the limitations on K-Sea s ability to operate its business between signing and closing;

the fact that K-Sea may be required in certain circumstances to pay to Kirby a termination fee upon termination of the merger agreement;

the possibility, under certain circumstances, that K-Sea could be required to reimburse Kirby for expenses incurred by Kirby in connection with the merger; and

certain members of management of K-Sea may have interests that are different from those of the holders of K-Sea common units.

In the view of the K-Sea Board of Directors, these factors did not outweigh the advantages of the merger. The K-Sea Board of Directors also reviewed a number of procedural factors relating to the merger, including, without limitation, the following factors:

the terms and conditions of the proposed merger were determined through arm s-length negotiations between the senior management of Kirby and senior management and certain members of the K-Sea Board of Directors and their respective representatives and advisors;

the K-Sea Board of Directors retained legal and financial advisors with knowledge and experience with respect to public company merger and acquisition transactions, the shipping industry generally and Kirby and K-Sea particularly, as well as substantial experience advising MLPs and other companies with respect to transactions similar to the proposed transaction;

the K-Sea Conflicts Committee consisted solely of directors who are disinterested with respect to the transaction and who are not officers of K-Sea Management GP or controlling unitholders of K-Sea, or affiliated with Kirby or any of its affiliates;

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the members of the K-Sea Conflicts Committee were adequately compensated for their services and their compensation was in no way contingent on their approving the merger agreement or the merger;

the K-Sea Conflicts Committee was aware that it had no obligation to recommend the proposal put forth by Kirby;

the members of the K-Sea Conflicts Committee will not personally benefit from the completion of the merger in a manner different from the K-Sea unitholders;

the K-Sea Conflicts Committee was given authority to select and compensate its legal, financial and other advisors in the discretion of the K-Sea Conflicts Committee;

the K-Sea Conflicts Committee retained and was advised by independent legal counsel, DLA Piper, experienced in advising on matters of this kind;

the K-Sea Conflicts Committee retained and was advised by an independent financial advisor, Stifel Nicolaus, experienced with publicly traded limited partnerships;

the K-Sea Conflicts Committee and its financial advisor conducted due diligence regarding Kirby and its prospects and K-Sea and its prospects, including maintaining K-Sea as it currently exists;

the K-Sea Conflicts Committee, with the assistance of its legal and financial advisors, together with K-Sea and its counsel, negotiated certain of the terms of the merger agreement on an arm s-length basis with Kirby and its legal and financial advisors, including a reduction in the amount of the break-up fee;

that in response to a demand by the K-Sea Conflicts Committee, Kirby agreed to increase the merger consideration; and

the K-Sea Board of Directors received the recommendation of the K-Sea Conflicts Committee, which received an oral opinion of Stifel Nicolaus on March 12, 2011 (which was subsequently confirmed in writing by delivery of Stifel Nicolaus written opinion dated the same date) that (i) the consideration to be paid to the holders of K-Sea common units (other than Jefferies Capital Partners, KA First Reserve and their respective affiliates) and (ii) for those holders of K-Sea common units (other than Jefferies Capital Partners, KA First Reserve and their respective affiliates) who will receive shares of Kirby common stock as part of their consideration, the exchange ratio used in determining the number of shares of Kirby common stock, are fair from a financial point of view to such holders, as more fully described below in the section titled Opinion of Financial Advisor.

The foregoing discussion of the factors considered by the K-Sea Board of Directors is not intended to be exhaustive, but it does set forth the principal factors considered by the K-Sea Board of Directors.

The K-Sea Board of Directors reached its unanimous conclusion to recommend the approval and adoption of the merger, the merger agreement and the transactions contemplated thereby, in light of various factors described above and other factors that each member of the K-Sea Board of Directors believed were appropriate.

In view of the complexity of and wide variety of factors considered by the K-Sea Board of Directors in connection with its evaluation of these matters, the K-Sea Board of Directors did not consider it practical, and did not attempt to quantify, rank or otherwise assign relative weights to the specific factors it considered in reaching its decisions and did

not undertake to make any specific determination as to whether any particular factor, or any aspect of any particular factor, was favorable or unfavorable to the ultimate determinations. Rather, the K-Sea Board of Directors made its recommendations based on the totality of the information presented to it and the investigations conducted by it. In considering the factors discussed above, individual directors may have given different weight to different factors. Additionally, Messrs. Alperin, Abbate and Salerno, who are directors unaffiliated with Jefferies Capital Partners or KA First Reserve, are entitled to receive a fee of $45,000 in respect of such director s service in reviewing and analyzing the merger, and Mr. Alperin is entitled to receive an additional fee of $5,000 in respect of his service as chairman of K-Sea s Conflict s Committee.

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Portions of this explanation of the reasoning of the K-Sea Board of Directors and certain information presented in this section is forward-looking in nature and, therefore, should be read along with the factors discussed under the heading Forward-Looking Statements.

For the reasons set forth above, the K-Sea Board of Directors has unanimously (1) determined that the merger, the merger agreement and the transactions contemplated thereby are advisable, fair and reasonable to and in the best interests of K-Sea and its partners, (2) approved the merger agreement and the transactions contemplated thereby (including the merger) and (3) recommended that K-Sea unitholders vote FOR the approval of the merger, the merger agreement and the matters contemplated thereby.

Transactions Related to the Merger

Contemporaneously with the execution and delivery of the merger agreement, the K-Sea supporting unitholders entered into support agreements with the Kirby Parties. Copies of the support agreements entered into by the K-Sea supporting unitholders are attached hereto as Annexes B through E. Pursuant to the support agreements, the K-Sea supporting unitholders have each agreed to vote, and granted Kirby an irrevocable proxy to vote, the units of K-Sea beneficially owned by them (i) in favor of the adoption or approval of the merger agreement, any transactions contemplated by the merger agreement and any other action reasonably requested by Kirby in furtherance thereof submitted for the vote or written consent of K-Sea unitholders, (ii) against the approval or adoption of any acquisition proposal (as defined in the merger agreement) and any action, agreement, transaction or proposal that would result in a breach of any covenant, agreement, representation or warranty or any other obligation or agreement of K-Sea contained in the merger agreement, and (iii) against any action, agreement or transaction that would impede, interfere with, delay, postpone, discourage, frustrate the purposes of or adversely affect the merger or the transactions contemplated by the merger agreement.

Each of the K-Sea supporting unitholders has also agreed that, during the duration of its support agreement, it will not (i) transfer any of its units or any right or interest therein except certain permitted transfers to affiliates, (ii) enter into any agreement, arrangement or understanding that could violate or conflict with the unitholder s representations, warranties, covenants and obligations under the support agreement, (iii) take any action that could restrict the unitholder s legal power and authority to comply with and perform its covenants and obligations under the support agreement, or (iv) discuss, negotiate or enter into any contract or other arrangement with respect to any matter related to the support agreement.

Each of the K-Sea supporting unitholders also agreed to not solicit, either directly or indirectly, an acquisition proposal with respect to K-Sea. The support agreements will remain in effect until the earliest to occur of (i) the effective time of the merger, (ii) the termination of the merger agreement in accordance with its terms, (iii) the date of any modification, amendment or waiver of the merger agreement that adversely affects the K-Sea supporting unitholder, (iv) a change in recommendation with respect to the merger by the K-Sea Board of Directors, and (v) the written agreement of the K-Sea supporting unitholder and Kirby to terminate the support agreement.

The foregoing description of the support agreements is qualified in its entirety by reference to the support agreements, which are attached as Annexes B through E to this proxy statement/prospectus and incorporated into this proxy statement/prospectus by reference.

Opinion of K-Sea s Financial Advisor

Pursuant to an engagement letter dated February 24, 2011, the K-Sea Conflicts Committee retained Stifel Nicolaus to act as its financial advisor and to provide a fairness opinion in connection with the merger. Stifel Nicolaus is a nationally recognized investment banking and securities firm with substantial expertise in transactions similar to the

merger with membership on all of the principal United States securities exchanges. As part of its investment banking activities, Stifel Nicolaus is regularly engaged in the independent valuation of businesses and securities in connection with mergers, acquisitions, underwritings, sales and distributions of listed and unlisted securities, private placements and valuations for estate, corporate and other purposes. On March 12, 2011, Stifel Nicolaus delivered its written opinion, dated March 12, 2011, to the K-Sea Conflicts

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Committee that, as of the date of the opinion and subject to and based on the assumptions made, procedures followed, matters considered and limitations of the review undertaken in such opinion, (i) the consideration to be paid to the holders of K-Sea common units (other than Jefferies Capital Partners, KA First Reserve, LLC and their respective affiliates) in connection with the merger and, (ii) for those holders of K-Sea common units (other than Jefferies Capital Partners, KA First Reserve, LLC and their respective affiliates) that will receive shares of Kirby common stock as a part of such consideration, the exchange ratio used in determining the number of such shares of Kirby common stock to be received by such holders of K-Sea common units, in each case, is fair to such common unitholders from a financial point of view.

The full text of the written opinion of Stifel Nicolaus is attached as Annex F to this proxy statement/prospectus, which is incorporated into this document by reference. The summary of Stifel Nicolaus opinion set forth in this proxy statement/prospectus is qualified in its entirety by reference to the attached opinion. Holders of K-Sea common units are urged to read the opinion carefully and in its entirety for a discussion of the procedures followed, assumptions made, other matters considered and limits of the review undertaken by Stifel Nicolaus in connection with such opinion.

Stifel Nicolaus opinion is for the information of, and directed to, the K-Sea Conflicts Committee for its information and assistance in connection with its evaluation of the financial terms of the merger. The opinion does not constitute a recommendation (i) to the K-Sea Conflicts Committee or the K-Sea Board of Directors as to whether K-Sea should enter into the merger agreement or effect the merger or any other transaction contemplated by the merger agreement, (ii) to any holder of K-Sea common units as to what form of consideration to elect to receive in the merger, (iii) to any holder of K-Sea common units or shares of Kirby common stock as to how to vote at any unitholders or shareholders meeting at which the merger is considered, or (iv) whether or not any securityholder of K-Sea or Kirby should enter into a voting support or securityholders agreement with respect to the merger or exercise any dissenters or appraisal rights that may be available to such securityholder. In addition, the opinion does not compare the relative merits of the merger with those of any alternative transaction or business strategy which may have been available to or considered by K-Sea, the K-Sea Board of Directors or the K-Sea Conflicts Committee and does not address the underlying business decision of K-Sea, the K-Sea Board of Directors or the K-Sea Conflicts Committee to proceed with or effect the merger. Stifel Nicolaus was not requested to, and did not, explore alternatives to the merger or solicit the interest of any other parties in pursuing transactions with K-Sea.

Stifel Nicolaus opinion is limited to whether (i) the consideration to be paid to the holders of K-Sea common units (other than Jefferies Capital Partners, KA First Reserve, LLC and their respective affiliates) in connection with the merger and, (ii) for those holders of K-Sea common units that will receive shares of Kirby common stock as a part of such consideration, the exchange ratio used in determining the number of such shares of Kirby common stock to be received by such holders of K-Sea common units, in each case, is fair to such common unitholders from a financial point of view. The opinion does not consider, address or include: (i) the allocation of the consideration between cash and stock, (ii) the form or amount of consideration to be received by any class of equityholders of K-Sea other than the holders of common units (other than Jefferies Capital Partners, KA First Reserve, LLC and their respective affiliates), (iii) any other strategic alternatives currently (or which have been or may be) contemplated by K-Sea, the K-Sea Board of Directors or the K-Sea Conflicts Committee, (iv) the legal, tax or accounting consequences of the merger on K-Sea or the holders of K-Sea s equity securities, (v) the fairness of the amount or nature of any compensation to any of the officers, directors or employees of K-Sea or its affiliates, or class of such persons, relative to the compensation of the public holders of K-Sea s equity securities, (vi) any advice or opinions provided by UBS Investment Bank, Wells Fargo Securities, LLC or any other advisor to K-Sea or Kirby, (vii) the closing conditions, termination fees or any other provision of the merger agreement or aspect of the merger, or (viii) whether Kirby has sufficient cash, available lines of credit or other sources of funds to enable it to pay the cash consideration to the holders of K-Sea s equity securities. Furthermore, Stifel Nicolaus did not express any opinion as to the financial condition or business prospects of K-Sea or Kirby or the prices, trading range or volume at which K-Sea s or Kirby s

equity securities would trade following public announcement or consummation of the merger.

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In connection with its opinion, Stifel Nicolaus, among other things:

- reviewed and analyzed a draft copy of the merger agreement dated March 10, 2011;
- reviewed and analyzed the audited consolidated financial statements of K-Sea contained in its annual report on Form 10-K for the fiscal years ended June 30, 2010 and June 30, 2009, and the unaudited quarterly financial statements of K-Sea contained in its quarterly report on Form 10-Q for the quarter ended December 31, 2010;
- reviewed and analyzed the audited consolidated financial statements of Kirby contained in its annual report on Form 10-K for the fiscal years ended December 31, 2010 and December 31, 2009;
- reviewed and analyzed certain other publicly available information concerning K-Sea and Kirby selected based on Stifel Nicolaus experience and expertise as a financial advisor;
- reviewed and analyzed K-Sea s financial projections dated February 23, 2011;
- reviewed and analyzed Kirby s financial projections dated February 26, 2011 (certain items of which were updated on March 1, 2011, as described below in the section titled Proposal 1 The Merger Certain Unaudited Financial Forecasts beginning on page 66 of this proxy statement/prospectus);
- held discussions with K-Sea and Kirby concerning their respective businesses, financial condition and future prospects;
- reviewed the reported prices and trading activity of the publicly traded equity securities of K-Sea and Kirby;
- analyzed the present value of future cash flows expected to be generated by K-Sea and Kirby using different cost of capital and terminal multiple assumptions;
- reviewed and analyzed certain publicly available financial and pricing metrics for selected equity securities that Stifel Nicolaus considered might have relevance to its inquiry selected based on Stifel Nicolaus experience and expertise as a financial advisor;
- analyzed the present value of the future distributions expected to be made by K-Sea using different cost of capital and terminal yield assumptions; and
- conducted such other financial studies, analyses and investigations and considered such other information as Stifel Nicolaus deemed necessary or appropriate for purposes of its opinion.

In connection with its review, Stifel Nicolaus relied upon and assumed, without independent verification, the accuracy and completeness of all financial and other information that was made available, supplied or otherwise communicated to Stifel Nicolaus by or on behalf of K-Sea, Kirby or their respective advisors or that was otherwise reviewed by Stifel Nicolaus. Stifel Nicolaus further relied upon the assurances by K-Sea that they are unaware of any facts that would make such information incomplete or misleading. Stifel Nicolaus assumed, with the consent of K-Sea, that any material liabilities (contingent or otherwise, known or unknown), if any, relating to K-Sea and Kirby, respectively, were disclosed to Stifel Nicolaus.

Stifel Nicolaus has also assumed that any financial forecasts supplied by K-Sea and Kirby (including, without limitation, potential cost savings and operating synergies realized by a potential acquirer) were reasonably prepared on a basis reflecting the best then currently available estimates and judgments of the respective managements of such

entities as to their respective future operating and financial performance. The projected financial information was based on numerous variables and assumptions that were inherently uncertain, including, without limitation, factors related to general economic, market and competitive conditions, and that accordingly, actual results could vary significantly from those set forth in such projected financial information. Stifel Nicolaus relied on the projected information without independent verification or analyses and does not in any respect assume any responsibility for the accuracy or completeness thereof. Stifel Nicolaus has not been requested to make, and has not made, an independent appraisal, evaluation or physical inspection of K-Sea s or Kirby s assets and has not been furnished with any such appraisal or evaluation.

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Stifel Nicolaus opinion is necessarily based on financial, economic, market and other conditions and circumstances existing on and disclosed to Stifel Nicolaus by K-Sea, Kirby and their respective advisors prior to or as of the date of the opinion. It is understood that subsequent developments may affect the conclusions reached in Stifel Nicolaus opinion and that Stifel Nicolaus does not have any obligation to update, revise or reaffirm its opinion.

The summary set forth below does not purport to be a complete description of the analyses performed by Stifel Nicolaus, but describes, in summary form, the material elements of the presentation that Stifel Nicolaus made to the K-Sea Conflicts Committee on March 12, 2011, in connection with its opinion.

In accordance with customary investment banking practice, Stifel Nicolaus employed generally accepted valuation methods and financial analyses in reaching its opinion. The following is a summary of the material financial analyses performed by Stifel Nicolaus in arriving at its opinion. These summaries of financial analyses alone do not constitute a complete description of the financial analyses Stifel Nicolaus employed in reaching its conclusions. None of the analyses performed by Stifel Nicolaus was assigned a greater significance by Stifel Nicolaus than any other, nor does the order of analyses described represent relative importance or weight given to those analyses by Stifel Nicolaus. Some of the summaries of the financial analyses used by Stifel Nicolaus include information presented in tabular format. In order to understand more fully the financial analyses used by Stifel Nicolaus, you should read the tables together with the text of each summary. Moreover, the summary text and data describing each financial analysis do not constitute a complete description of Stifel Nicolaus financial analyses, including the methodologies and assumptions underlying the analyses, and if viewed in isolation could create a misleading or incomplete view of the financial analyses performed by Stifel Nicolaus. The summary text and data set forth below do not represent and should not be viewed by anyone as constituting conclusions reached by Stifel Nicolaus with respect to any of the analyses performed by it in connection with its opinion. Rather, Stifel Nicolaus made its determination that (i) the consideration to be paid to the holders of K-Sea common units (other than Jefferies Capital Partners, KA First Reserve, LLC and their respective affiliates) in connection with the merger and, (ii) for those holders of K-Sea common units (other than Jefferies Capital Partners, KA First Reserve, LLC and their respective affiliates) that will receive shares of Kirby common stock as a part of such consideration, the exchange ratio used in determining the number of such shares of Kirby common stock to be received by such holders of K-Sea common units, in each case, is fair to such common unitholders from a financial point of view on the basis of its experience and professional judgment after considering the results of all of the analyses performed.

Except as otherwise noted, the information utilized by Stifel Nicolaus in its analyses, to the extent that it is based on market data, is based on market data as it existed on or before March 12, 2011 and is not necessarily indicative of current market conditions. The analyses described below do not purport to be indicative of actual future results, or to reflect the prices at which any securities may trade in the public markets, which may vary depending upon various factors, including changes in interest rates, dividend rates, market conditions, economic conditions and other factors that influence the price of securities.

Summary of Financial Analysis

In conducting its financial analysis, Stifel Nicolaus used the following primary methodologies to assess the fairness of (i) the consideration to be paid to the holders of K-Sea common units (other than Jefferies Capital Partners, KA First Reserve, LLC and their respective affiliates) in connection with the merger and, (ii) for those holders of K-Sea common units (other than Jefferies Capital Partners, KA First Reserve, LLC and their respective affiliates) the exchange ratio used to determine the number of shares of Kirby common stock to be received by those K-Sea common unitholders that receive such shares as a part of such consideration:

- comparable partnership trading analysis, selected transactions analysis, discounted cash flow analysis and distribution discount analysis for K-Sea;

exchange ratio analysis and contribution analysis; and

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comparable company trading analysis, discounted cash flow analysis and accretion/dilution analysis for Kirby.

Each individual methodology was not given a specific weight, nor can any methodology be viewed individually. Additionally, no other publicly traded partnership, corporation or transaction used in any analysis as a comparison is identical to K-Sea, Kirby or the merger; they all differ in material ways. Accordingly, an analysis of the results described below is not mathematical; rather it involves complex considerations and judgments concerning differences in financial and operating characteristics of the publicly traded partnerships and corporations and other factors that could affect the public trading value of the comparable publicly traded partnerships, corporations and transactions to which K-Sea, Kirby and the merger are being compared.

Comparable Partnership Trading Analysis K-Sea. Stifel Nicolaus reviewed and compared certain financial information relating to K-Sea to corresponding financial information, ratios and market multiples for:

four publicly traded partnerships with substantial operations in the shipping industry (Capital Products Partners L.P., Navios Maritime Partners L.P., Teekay LNG Partners, L.P. and Teekay Offshore Partners, L.P.);

two small-cap publicly traded partnerships that have either reduced or eliminated their quarterly distributions (CrossTex Energy LP and Eagle Rock Energy Partners LP); and

six comparable corporations with substantial operations in the shipping industry (Alexander & Baldwin, Inc., Horizon Lines, Inc., Kirby Corporation, Seacor Holdings Inc., Rand Logistics, Inc. and Trailer Bridge Inc.).

Stifel Nicolaus selected these comparable publicly traded partnerships and corporations because Stifel Nicolaus determined, based upon its experience and expertise as a financial advisor, that they were similar to K-Sea in one or more respects including the nature of their business, size, diversification and financial performance. No specific numeric or other similar criteria were used to select the selected publicly traded partnerships and corporations and all criteria were evaluated in their entirety without application of definitive qualifications or limitations to individual criteria. As a result, a significantly larger or smaller publicly traded partnership or corporation with substantially similar lines of businesses and business focus may have been included while a similarly sized publicly traded partnership or corporation with less similar lines of business and greater diversification may have been excluded. Stifel Nicolaus identified a sufficient number of publicly traded partnerships and corporations for purposes of its analysis but may not have included all publicly traded partnerships and corporations that might be deemed comparable to K-Sea.

The multiples and ratios for each of the selected publicly traded partnership and corporations were based on their respective public filings and estimates made by equity research analysts, including (i) enterprise value (defined as the equity market value plus net debt and minority interest) compared to either Adjusted EBITDA (defined as EBITDA less cash distributions made on incentive distribution rights), in the case of publicly traded partnerships, or EBITDA, in the case of corporations, and, (ii) in case of publicly traded partnerships, price per common unit compared to distributable cash flow per common unit, where distributable cash flow is defined as Adjusted EBITDA less interest expense and assumed maintenance capital expenditures for each of the periods presented. Stifel Nicolaus calculated the mean, median, minimum and maximum relative valuation multiples of the selected publicly traded partnerships and corporations and compared them to the corresponding valuation multiples implied by the consideration to be received by K-Sea common unitholders

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in the merger. The following table presents the most relevant analyses of the selected publicly traded partnerships and corporations:

	Enterprise Value as a Multiple of Adjusted EBITDA*		Price per Common Unit as a Multiple of Distributable Cash Flow per Common Unit	
	2011 Estimate	2012 Estimate	2011 Estimate	2012 Estimate
Shipping MLPs				
Minimum	7.9x	7.5x	10.0x	11.5x
Median	9.9x	9.4x	11.7x	12.0x
Mean	9.9x	9.1x	11.7x	12.0x
Maximum	12.0x	11.9x	13.3x	12.5x
MLPs that have reduced or eliminated quarterly distributions				
Minimum	7.4x	6.7x	6.9x	6.0x
Median	7.4x	7.1x	8.0x	7.9x
Mean	7.4x	7.1x	8.0x	7.9x
Maximum	7.5x	7.4x	9.2x	9.8x
*Shipping c-corps**				
Minimum	5.1x	5.4x		
Median	7.7x	6.5x		
Mean	7.3x	6.2x		
Maximum	11.0x	8.1x		
Proposed Consideration in the Merger	8.8x	7.5x	15.5x	10.3x

* *In the case of shipping c-corps., the table presents enterprise value as a multiple of EBITDA.*

Stifel Nicolaus noted that for each of the three groups of selected partnerships and corporations for each metric and period presented, except in one case, the transaction multiples implied by the terms of the merger were within or above the range of multiples of the selected comparable partnerships and corporations.

Selected Transactions Analysis. Stifel Nicolaus reviewed and analyzed thirty prior merger and acquisition transactions in the shipping industry where the acquiror was not a publicly traded partnership, eight additional transactions involving the acquisition of a shipping business or shipping assets by a publicly traded partnership (or, in one case, by the owner of the general partner of a publicly traded partnership), eight prior business combinations involving the sale of a publicly traded partnership and thirty-six prior transactions involving the acquisition of refined product and crude oil midstream assets. No specific numeric or other similar criteria were used to select the selected transactions and all criteria were evaluated in their entirety without application of definitive qualifications or limitations to individual criteria. As a result, a significantly larger or smaller acquisition involving substantially similar lines of businesses and business focus may have been included while an acquisition of similar size with less similar lines of business and greater diversification may have been excluded. Stifel Nicolaus determined, based upon its experience and expertise as a financial advisor, that the number of transactions it had identified was sufficient for purposes of its analysis, but may not have included all transactions that might be deemed comparable to the merger.

Using publicly available information, including transaction announcements and acquiror presentations, and estimates made by equity research analysts, Stifel Nicolaus calculated multiples of enterprise value to EBITDA for the latest

twelve months and a one-year forward estimate for the selected transactions when the information was available. Stifel Nicolaus then calculated the mean, median, minimum and maximum relative valuation multiples for each group of selected transactions and then compared the transaction multiples implied by the terms of the merger to the range of multiples of the selected transactions.

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The following table presents the transactions reviewed by Stifel Nicolaus:

Acquirer	Seller/Target	Date Announced
Non-MLP Acquiror (Shipping)		
Kirby Corporation	Enterprise Marine Services	February 1, 2011
Platinum Equity, LLC	American Commercial Lines Inc.	October 18, 2010
Brooklyn NY Holdings Inc.	M/G Transport Services, Inc.	February 20, 2008
Greenstreet Equity Partners L.L.C., Jefferies Capital	TECO Transport Corporation	October 29, 2007
AuGRID Global Holdings Corp	Hassell & Burell	June 12, 2007
Excelerate Energy LLC	Exmar NV	April 20, 2007
KRG Capital Partners LLC	Marquette Transportation Company Holdings, LLC	March 21, 2007
Overseas Shipholding Group Inc.	Maritrans Inc.	September 25, 2006
Rand Logistics, Inc.	Lower Lakes Towing Ltd.	September 2, 2005
Seacor Holdings Inc.	Seabulk International Inc.	March 16, 2005
Mercuria Holdings Ltd.	EnerSea Transport LLC	October 19, 2004
Castle Harlan	Horizon Lines LLC	May 22, 2004
Overseas Shipholding Group Inc.	Attransco Inc.	May 3, 2004
Kirby Corporation	Trinity Industries Inc.	May 6, 2003
Kirby Corporation	Exxon Mobil Corporation; SeaRiver Maritime Inc.	January 7, 2003
Carlyle Group	Horizon Lines Inc.	December 6, 2002
Ingram Industries Inc.	Eastern Enterprises; KeySpan Corporation	January 24, 2002
Helix Energy Solutions Group Inc.	Coflexip Stena Offshore Group	October 11, 2001
Nicor Incorporated	Kent Line International	October 2, 2001
Trico Marine Services Incorporated	Chuan Hup Holdings Ltd.	June 26, 2001
Keystone Shipping	Kvaerner Philadelphia	June 21, 2001
Hornbeck-Leevac Marine Services Inc.	Hess Corporation	June 4, 2001
Marine Transport Corp	Undisclosed	April 9, 2001
Marine Transport Corp	Osprey Maritime Ltd.	January 30, 2001
Advantage Management Group	Kenan Transport Company	January 26, 2001
Crowley Maritime Corporation	Marine Transport Corporation	December 20, 2000
Kirby Corporation	Hollywood Marine Inc.	July, 29, 1999
American International Petroleum Corporation	Undisclosed	October 9, 1998
Loki ASA	Mercur Tankers ASA	October 2, 1998
Falcon Drilling	Coastal Corp.	March 1, 1997
Acquisition of MLP shipping assets		
Genesis Energy, L.P.	DG Marine Transportation LLC; Grifco	July 29, 2010
TEPPCO Partners L.P.	TransMontaigne Incorporated	June 12, 2009
Genesis Energy, L.P.; TD Marine	Grifco Transportation Ltd.	June 13, 2008
TEPPCO Partners L.P.	Horizon Maritime LLC	March 3, 2008
K-Sea Transportation Partners L.P.	Sirius Maritime LLC; Smith Maritime Ltd.	June 26, 2007
	Settoon Towing LLC	November 1, 2006

Plains All American Pipeline L.P.; Plains Marketing		
Morgan Stanley	TransMontaigne Incorporated	June 19, 2006
K-Sea Transportation Partners L.P.	Marine Resources Group Inc.	August 23, 2005

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Acquirer	Seller/Target	Date Announced
Sale of MLP		
Enterprise Products Partners L.P.	Duncan Energy Partners LP	February 23, 2011
Overseas Shipholding Group, Inc.	OSG America L.P.	July 29, 2009
Enterprise Products Partners L.P.	TEPPCO Partners L.P.	June 29, 2009
Harold Hamm	Hiland Partners, LP	January 15, 2009
Plains All American Pipeline L.P.	Pacific Energy Partners LP	June 12, 2006
NuStar Energy LP	Kaneb Pipeline Partners LP	November 1, 2004
Enterprise Products Partners L.P.	GulfTerra Energy Partners LP	December 15, 2003
Kinder Morgan Energy Partners L.P.	Santa Fe Pacific Pipeline Partners	October 20, 1997
Acquisition of refined product and crude oil midstream assets		
Plains All American Pipeline L.P.	Nexen Inc.	November 15, 2010
Genesis Energy, L.P	Valero Energy Corporation	October 13, 2010
Plains All American Pipeline L.P.	BP plc; Noble Energy Incorporated; SemGroup LP	October 1, 2010
Noble Energy Incorporated; Western Gas Partners	SemGroup LP	October 1, 2010
Sunoco Incorporated; Sunoco Logistics Partners LP	Mid-Valley Pipeline Company; West Shore Pipe	July 27, 2010
Williams Pipeline Partners LP	ONEOK Partners LP	July 22, 2010
Plains All American Pipeline L.P.	Chevron Corp; Marathon Oil Corporation; Royal	January 4, 2010
Holly Energy Partners LP	Holly Corporation	December 2, 2009
Holly Corporation; Holly Energy Partners LP	Sinclair Oil Corporation	October 20, 2009
ArcLight Capital Partners LLC	ATP Oil & Gas Corporation	September 22, 2009
Magellan Midstream Partners L.P.	Flying J Inc.; Flying J Oil & Gas Inc.	July 27, 2009
TransCanada Corporation	ConocoPhillips	June 17, 2009
Holly Energy Partners LP	Holly Corporation	June 1, 2009
Enbridge Incorporated	Enbridge Energy Partners L.P.	November 18, 2008
Kinder Morgan Energy Partners LP	Knight Inc.	August 28, 2008
Blueknight Energy Partners L.P.	SemGroup L.P.	May 21, 2008
Blueknight Energy Partners L.P.	SemGroup L.P.	May 12, 2008
Holly Energy Partners L.P.	Holly Corporation	February 27, 2008
Plains All American Pipeline L.P.	Suburban Propane Partners L.P.	September 19, 2007
ONEOK Partners L.P.	Kinder Morgan Energy Partners L.P.	July 2, 2007
Kinder Morgan Energy Partners L.P.	Knight Inc.	April 19, 2007
Global Partners L.P.	Exxon Mobil Corporation	March 19, 2007
Industry Funds Management Pty Ltd.	Citgo Petroleum Corp.; PDVSA	February 28, 2007
Plains All American Pipeline L.P.	AmeriGas Partners L.P.	February 22, 2007
Holly Energy Partners L.P.	Plains All American Pipeline L.P.	February 21, 2007
TransMontaigne Partners L.P.	TransMontaigne Incorporated	November 8, 2006

NuStar Energy L.P.	Koch Industries	September 20, 2006
Inergy LP	Bath Petroleum Storage Inc.	August 30, 2006
Enbridge Incorporated	Enbridge Energy Partners L.P.	August 15, 2006
Sunoco Logistics Partners L.P.	Sunoco Incorporated	July 28, 2006
Plains All American Pipeline L.P.	Chevron Corp.	July 20, 2006
Plains All American Pipeline L.P.	BP plc	May 24, 2006

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Acquirer	Seller/Target	Date Announced
Sunoco Logistics Partners L.P.	Alon USA Energy Inc.	February 13, 2006
Magellan Midstream Partners L.P.	Delaware Terminal Co.	September 1, 2005
Pacific Energy Partners L.P.	NuStar Energy LP	July 5, 2005
Holly Energy Partners L.P.	Alon USA Energy Inc.	January 26, 2005

The following table presents the most relevant analyses of these selected transactions:

	EV/LTM EBITDA	EV/1-Year Forward EBITDA
Non-MLP shipping acquisitions		
Minimum	4.0x	6.3x
Median	7.6x	6.6x
Mean	6.9x	7.0x
Maximum	10.1x	8.1x
Acquisition of MLP shipping assets		
Minimum	8.0x	3.2x
Median	8.0x	5.9x
Mean	8.0x	6.0x
Maximum	8.0x	9.0x
Public MLP sales		
Minimum	4.0x	5.9x
Median	11.7x	11.7x
Mean	10.8x	10.5x
Maximum	17.1x	12.5x
Acquisitions of refined products/crude oil midstream assets		
Minimum	10.1x	6.0x
Median	10.3x	8.5x
Mean	10.3x	8.4x
Maximum	10.6x	11.2x
Proposed Consideration in the Merger	11.1x	8.8x

Stifel Nicolaus noted that the transaction multiples implied by the terms of the merger fell within or exceeded the range of multiples for each of the four groups of selected comparable transactions.

Discounted Cash Flow Analysis K-Sea. Stifel Nicolaus performed a discounted cash flow analysis for K-Sea based on financial estimates for the second half of 2011 and full years 2012 through 2015 provided by K-Sea management. These financial estimates were subsequently discussed with K-Sea management, and the unlevered cash flows were calculated by subtracting forecasted maintenance capital expenditures from forecasted EBITDA for each period. Stifel Nicolaus used discount rates ranging from 14% to 15%, after performing a weighted average cost of capital calculation using standard valuation techniques such as the capital asset pricing model. For purposes of the weighted average cost of capital calculation, Stifel Nicolaus took into account, among other things, K-Sea s smaller market capitalization and lower credit quality. Stifel Nicolaus also used terminal multiples ranging from 8.0x to 9.0x. Stifel Nicolaus then calculated a range of equity values per unit by subtracting net debt from the implied enterprise value

and dividing by the total number of K-Sea units outstanding, including preferred units, general partner units and restricted units. The resulting implied equity value per unit ranged from $6.77 to $8.57. Stifel Nicolaus noted that the price per unit offered to K-Sea common unitholders by Kirby in the merger falls within this range.

Distribution Discount Model. Stifel Nicolaus performed a distribution discount analysis for K-Sea based on management s estimated annual cash distributions per common unit for each year in the period 2011

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through 2015. These estimates were subsequently discussed with K-Sea management. Stifel Nicolaus used discount rates from 17.5% to 19.5%, based on an equity cost of capital calculation using standard valuation techniques such as the capital asset pricing model. The equity cost of capital used in this analysis was higher than the weighted average cost of capital used in the discounted cash flow analysis for K-Sea because there was no debt component in the equity cost of capital calculation. Stifel Nicolaus also used terminal yields ranging from 7.0% to 9.0%. The resulting implied equity value per unit ranged from $5.18 to $6.77. Stifel Nicolaus noted that the price per unit offered to K-Sea common unitholders by Kirby in the merger was above the upper end of this range.

Exchange Ratio Analysis. Stifel Nicolaus compared the implied proposed exchange ratio in the merger, calculated by assuming the holders of K-Sea common units that elect to receive shares of Kirby common stock as a part of their consideration in the merger instead receive consideration consisting entirely of shares of Kirby common stock for each K-Sea common unit, to selected implied historical exchange ratios between K-Sea and Kirby derived by dividing the closing price of a K-Sea common unit by the closing price of a share of Kirby common stock as of March 11, 2011 and by averaging the exchange ratios calculated using daily closing prices during selected trading periods. Because holders of K-Sea common units that elect to receive shares of Kirby common stock as a part of their consideration in the merger will receive a mix of half cash and half shares of Kirby common stock for each K-Sea common unit, the implied proposed exchange ratio of the fraction of a share of Kirby common stock for each K-Sea common unit is approximately double the exchange ratio provided for in the merger agreement. The following table sets forth the results of these analyses:

	Average Price		Implied
	K-Sea	Kirby	Exchange Ratio
March 10, 2011	$ 6.35	$ 54.83	0.116
5-day average	$ 6.39	$ 55.80	0.114
20-day average	$ 6.31	$ 53.67	0.118
120-day average	$ 5.01	$ 45.49	0.110
LTM average	$ 5.78	$ 41.98	0.140
Implied Proposed Exchange Ratio			0.147

Stifel Nicolaus noted that the implied proposed exchange ratio in the merger was greater than the selected implied historical exchange ratios.

Contribution Analysis. Stifel Nicolaus compared the implied proposed exchange ratio in the merger, calculated by assuming the holders of K-Sea common units that elect to receive shares of Kirby common stock as a part of their consideration in the merger instead receive consideration consisting entirely of shares of Kirby common stock for each K-Sea common unit, to selected implied exchange ratios between K-Sea and Kirby derived by comparing K-Sea s revenues and EBITDA for the latest twelve months and estimates of K-Sea s revenues and EBITDA for the years 2011 through 2014 to the revenues and EBITDA, or estimated revenues and EBITDA, for Kirby for the same periods. Because holders of K-Sea common units that elect to receive shares of Kirby common stock as a part of their consideration in the merger will receive a mix of half cash and half shares of Kirby common stock for each K-Sea common unit, the implied proposed exchange ratio of the fraction of a share of Kirby common stock for each K-Sea common unit is approximately double the exchange ratio provided for in the merger agreement. Stifel Nicolaus also compared the implied proposed exchange ratio in the merger to the implied exchange ratio between K-Sea and Kirby derived by comparing K-Sea s equity market value and total enterprise value implied by its market price to Kirby s equity market

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value and total enterprise value implied by its market price. The following table sets forth the results of these analyses:

	Implied Exchange Ratio
Revenues	
LTM	0.175
2011 estimate	0.108
2012 estimate	0.108
2013 estimate	0.104
2014 estimate	0.116
EBITDA	
LTM	0.152
2011 estimate	0.157
2012 estimate	0.171
2013 estimate	0.169
2014 estimate	0.191
Equity Market Value	0.116
Total Enterprise Value	0.116
Implied Proposed Exchange Ratio	0.147

Stifel Nicolaus noted that the implied proposed exchange ratio in the merger fell within the range of implied exchange ratios based on comparable revenues for the periods presented, was below the lower end of the range of implied exchange ratios based on comparable EBITDA for the periods presented and was above the implied exchange ratios based on comparable equity market value and total enterprise value implied by market price.

Comparable Company Trading Analysis Kirby. Stifel Nicolaus reviewed and compared certain financial information relating to Kirby to corresponding financial information, ratios and market multiples for three comparable companies with substantial operations in the shipping industry: Alexander & Baldwin, Inc., Horizon Lines, Inc. and Seacor Holdings Inc. Stifel Nicolaus selected these comparable companies because they were deemed to be similar to Kirby in one or more respects including the nature of their business, size, diversification and financial performance. No specific numeric or other similar criteria were used to select the selected companies and all criteria were evaluated in their entirety without application of definitive qualifications or limitations to individual criteria. As a result, significantly larger or smaller companies with substantially similar lines of businesses and business focus may have been included while similarly sized companies with less similar lines of business and greater diversification may have been excluded. Stifel Nicolaus determined, based upon its experience and expertise as a financial advisor, that it had identified a sufficient number of companies for purposes of its analysis, though it may not have included all companies that might be deemed comparable to Kirby.

The multiples and ratios for each of the selected companies were based on information obtained from their respective public filings and estimates made by equity research analysts, including (i) enterprise value compared to EBITDA and (ii) price per share compared to earnings per share. Stifel Nicolaus calculated the mean, median, minimum and maximum relative valuation multiples of the selected companies and compared

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them to the corresponding valuation multiples for Kirby. The following table presents the most relevant analyses of the selected publicly traded partnerships and corporations:

	Enterprise Value as a multiple Of EBITDA		Price per Share as a Multiple of Earnings per Share	
	2011 Estimate	2012 Estimate	2011 Estimate	2012 Estimate
Minimum	6.2x	5.4x	8.8x	12.9x
Median	6.9x	6.0x	15.8x	14.8x
Mean	6.7x	5.6x	19.0x	14.8x
Maximum	8.0x	6.9x	19.8x	16.6x
Kirby	9.1x	8.2x	20.1x	17.3x

Stifel Nicolaus noted that the trading multiples for Kirby were above or within the range of multiples of the selected comparable corporations.

Discounted Cash Flow Analysis Kirby. Stifel Nicolaus performed a discounted cash flow analysis for Kirby based on financial estimates for the second half of 2011 and full years 2012 through 2015 provided by Kirby management. These financial estimates were subsequently discussed with Kirby management, and the unlevered cash flows were calculated by adding depreciation and amortization, deferred taxes and estimated decreases in net working capital to forecasted net operating profit after tax and then subtracting estimated capital expenditures for each period. Stifel Nicolaus used discount rates ranging from 8.5% to 9.5%, after performing a weighted average cost of capital calculation using standard valuation techniques such as the capital asset pricing model. For purposes of the weighted average cost of capital calculation, in comparison to K-Sea, Stifel Nicolaus took into account, among other things, Kirby s larger market capitalization and higher credit quality. Stifel Nicolaus also used terminal multiples ranging from 8.0x to 9.0x. Stifel Nicolaus then calculated a range of equity values per share by subtracting net debt from the implied enterprise value and dividing by the total number of shares of Kirby common stock outstanding. The resulting implied equity value per share ranged from $49.33 to $57.41.

Accretion (Dilution) Analysis Kirby. Stifel Nicolaus analyzed the pro forma impact of the merger on the estimated earnings per share for Kirby shareholders for the years 2011 through 2014, as adjusted to assume that the consideration paid to holders of K-Sea common units consists of 50% cash and 50% stock, that Kirby incurs $5.0 million of fees and expenses related to the merger and that on a pro forma basis Kirby will achieve synergies from the merger enabling it to reduce combined annual general and administrative expenses by $10.0 million. The pro forma earnings for the years 2011 through 2014 for Kirby were provided by Kirby management, and these estimates were subsequently discussed with Kirby management. The following table shows the ranges of accretion and dilution (in parentheses) to projected earnings per share in both dollar and percentage terms for each of the years 2011 through 2014:

	2011 Estimate	2012 Estimate	2013 Estimate	2014 Estimate
Accretion/Dilution ($)	$ (0.01)	$ 0.04	$ 0.12	$ 0.25
Accretion/Dilution (%)	(0.3)%	1.4%	3.2%	6.8%

Conclusion

Based upon the foregoing analyses and the assumptions and limitations set forth in full in the text of Stifel Nicolaus opinion letter, Stifel Nicolaus was of the opinion that, as of the date of its opinion, (i) the consideration to be paid to the holders of K-Sea common units (other than Jefferies Capital Partners, KA First Reserve, LLC and their respective affiliates) in connection with the merger and, (ii) for those holders of K-Sea common units (other than Jefferies Capital Partners, KA First Reserve, LLC and their respective affiliates) that will receive shares of Kirby common stock as a part of such consideration, the exchange ratio used in determining the number of such shares Kirby common stock to be received by such holders of K-Sea common units, in each case, was fair to such common unitholders from a financial point of view.

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The preparation of a fairness opinion is a complex process and, as a result, a fairness opinion is not necessarily susceptible to a partial analysis or summary description. In arriving at its opinion, Stifel Nicolaus considered the results of all of its analyses as a whole and did not attribute any particular weight to any analysis or factor considered by it. Stifel Nicolaus believes that the summary provided and the analyses described above must be considered as a whole and that selecting portions of these analyses, without considering all of them, would create an incomplete view of the process underlying Stifel Nicolaus analyses and opinion; therefore any specific valuation or range of valuations resulting from any particular analysis described above should not be taken to be Stifel Nicolaus view of the actual value of K-Sea.

Stifel Nicolaus acted as financial advisor to the K-Sea Conflicts Committee and received a one-time retainer fee of $50,000 upon its engagement and an additional fee of $900,000 upon the delivery of its opinion that is not contingent upon consummation of the merger. Stifel Nicolaus will not receive any other significant payment or compensation contingent upon the successful consummation of the merger. In addition, K-Sea has agreed to indemnify Stifel Nicolaus for certain liabilities arising out of its engagement. Stifel Nicolaus served as a co-managing underwriter for the public offering of common units by K-Sea in August 2009, for which Stifel Nicolaus received a fee of $134,655. Other than as described in the preceding sentence, there are no material relationships that existed during the two years prior to the date of Stifel Nicolaus opinion or that are mutually understood to be contemplated in which any compensation was received or is intended to be received as a result of the relationship between Stifel Nicolaus and any party to the merger agreement. Stifel Nicolaus may seek to provide investment banking services to Kirby or its affiliates in the future, for which Stifel Nicolaus would seek customary compensation. In the ordinary course of business, Stifel Nicolaus may make a market in the equity securities of K-Sea and Kirby and, accordingly, may at any time hold a long or short position in such securities. Stifel Nicolaus internal fairness opinion committee approved the issuance of its opinion.

Certain Unaudited Financial Forecasts

In connection with the proposed merger, K-Sea s and Kirby s management prepared forecasts that included expected future financial and operating performance. These forecasts were based on projections used for regular internal planning purposes and are referred to as the K-Sea financial forecasts or the Kirby financial forecasts, as applicable, and are collectively referred to as the financial forecasts.

The financial forecasts were necessarily based on a variety of assumptions and estimates. The assumptions and estimates underlying the financial forecasts may not be realized and are inherently subject to significant business, economic and competitive uncertainties and contingencies, all of which are difficult to predict and many of which are beyond K-Sea s and Kirby s control. The assumptions and estimates used to create the financial forecasts involve judgments made with respect to, among other things, growth of revenue, gains or losses on asset sales, and levels of operating expenses, all of which are difficult to predict and many of which are outside of K-Sea s and Kirby s control. The financial forecasts also reflect assumptions as to certain business decisions that do not reflect any of the effects of the merger, or any other changes that may in the future affect K-Sea or Kirby or their respective assets, businesses, operations, properties, policies, corporate structures, capitalization and management as a result of the merger or otherwise. Accordingly, there can be no assurance that the assumptions and estimates used to prepare the financial forecasts will prove to be accurate, and actual results may materially differ.

The inclusion of the financial forecasts in this proxy statement/prospectus should not be regarded as an indication that K-Sea, Kirby or any of their respective advisors or representatives considered or consider the financial forecasts to be an accurate prediction of future events, and the financial forecasts should not be relied upon as such. None of K-Sea, Kirby or their respective advisors or representatives has made or makes any representation regarding the information contained in the financial forecasts, and, except as may be required by applicable securities laws, none of them intend to update or otherwise revise or reconcile the financial forecasts to reflect circumstances existing after the date such

financial forecasts were generated or to reflect the occurrence of future events even in the event that any or all of the assumptions underlying the financial forecasts are shown to be in error.

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K-Sea s unitholders are cautioned not to place undue reliance on the financial forecasts included in this proxy statement/prospectus, and such projected financial information should not be regarded as an indication that K-Sea, the K-Sea Board of Directors, the K-Sea Conflicts Committee, Kirby, Kirby s board of directors or any other person considered, or now considers, them to be reliable predictions of future results, and they should not be relied upon as such.

Although presented with numerical specificity, the financial forecasts are not fact and reflect numerous assumptions, estimates and judgments as to future events and the probability of such events made by K-Sea s or Kirby s management, including the assumptions, estimates and judgments noted below. Moreover, the financial forecasts are based on certain future business decisions that are subject to change. There can be no assurance that the assumptions, estimates and judgments used to prepare the financial forecasts will prove to be accurate, and actual results may differ materially from those contained in the financial forecasts. The inclusion of the financial forecasts in this proxy statement/prospectus should not be regarded as an indication that such financial forecasts will be predictive of actual future results, and the financial forecasts should not be relied upon as such. The financial forecasts are forward-looking statements. Please see the section titled Cautionary Statement Regarding Forward-Looking Statements beginning on page 35 of this proxy statement/prospectus.

K-Sea Financial Forecasts

In addition to being used by the K-Sea Board of Directors and the K-Sea Conflicts Committee in connection with its deliberations regarding Kirby s proposed merger consideration, the K-Sea financial forecasts were also provided to Kirby and Stifel Nicolaus. The K-Sea financial forecasts were prepared for use only by the K-Sea Board of Directors, the K-Sea Conflicts Committee, Kirby and Stifel Nicolaus and do not, and were not intended to, act as public guidance regarding K-Sea s future financial performance.

Summaries of the material projected financial information that was included in the K-Sea financial forecasts are set forth below. K-Sea provided the following forecasts to Stifel Nicolaus and Kirby. All amounts are expressed in thousands of dollars except per unit amounts.

The following forecast assumes certain debt restructuring and a more conservative growth rate of 2% in fiscal years 2013, 2014 and 2015:

	2011E	2012E	2013E	2014E	2015E
Total Net Revenues(1)	$ 213,657	$ 230,987	$ 235,607	$ 240,319	$ 245,126
EBITDA(2)	$ 66,589	$ 76,824	$ 77,656	$ 79,209	$ 80,793
Distributable Cash Flow(3)	$ 16,011	$ 32,917	$ 32,860	$ 33,829	$ 34,868
Maintenance Capital Expenditures(4)	$ 23,200	$ 23,200	$ 23,000	$ 23,000	$ 23,000
Distributions per common unit	$	$ 0.40	$ 0.45	$ 0.50	$ 0.55

The following forecast assumed certain debt restructuring and a less conservative growth rate of 4% in fiscal years 2013, 2014 and 2015:

	2011E	2012E	2013E	2014E	2015E
Total Net Revenues(1)	$ 213,657	$ 230,987	$ 239,853	$ 249,066	$ 258,640
EBITDA(2)	$ 66,089	$ 75,424	$ 80,474	$ 86,499	$ 92,822

Distributable Cash Flow(3)	$ 15,516	$ 31,399	$ 35,345	$ 40,773	$ 46,669
Maintenance Capital Expenditures(4)	$ 23,200	$ 23,200	$ 23,000	$ 23,000	$ 23,000
Distributions per common unit		$ 0.40	$ 0.55	$ 0.75	$ 0.85

(1) Total net revenue is net voyage revenue and other revenue. Net voyage revenue is equal to voyage revenue less voyage expenses. K-Sea reports its financial results in accordance with generally accepted accounting principles (GAAP). In contrast to other revenue, net voyage revenue and total net revenue are non-GAAP

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financial measures. Net voyage revenue is used as a supplemental financial measure to improve the comparability of reported revenues that are generated by the different forms of contracts.

(2) EBITDA is earnings before interest, taxes, depreciation and amortization. EBITDA is a non-GAAP financial measure used as a supplemental financial measure by management and by external users of financial statements to assess (i) the financial performance of K-Sea s assets and K-Sea s ability to generate cash sufficient to pay interest on indebtedness and make distributions to partners, (ii) K-Sea s operating performance and return on invested capital as compared to other companies in the industry, and (iii) compliance with certain financial covenants in K-Sea s debt agreements.

(3) Management believes distributable cash flow is useful as another measure of K-Sea s financial and operating performance, and its ability to declare and pay distributions to partners. Distributable cash flow does not represent the amount of cash required to be distributed under K-Sea s partnership agreement. Distributable cash flow is a non-GAAP measure reconcilable to K-Sea s net income by adjusting for (i) the addition of depreciation and amortization expense (including amortization of deferred financing costs); (ii) the addition of non cash compensation cost under the Incentive Plan; (iii) the addition of the adjusted gain or the subtraction of adjusted loss on vessel sales to net proceeds; (iv) the addition of deferred income tax expense; and (v) the subtraction of maintenance capital expenditures.

(4) Maintenance capital expenditures are capital expenditures required to maintain, over the long term, the operating capacity of K-Sea s fleet. Examples of maintenance capital expenditures include costs related to drydocking a vessel, retrofitting an existing vessel or acquiring a new vessel to the extent such expenditures maintain the operating capacity of K-Sea s fleet. Maintenance capital expenditures are computed on a 5 year forward average.

The K-Sea financial forecasts should be read together with the historical financial statements of K-Sea, which have been filed with the SEC, and the other information regarding K-Sea contained elsewhere in this proxy statement/prospectus. None of the K-Sea financial forecasts were prepared with a view toward public disclosure, nor were they prepared with a view toward compliance with the published guidelines of the SEC or the guidelines established by the American Institute of Certified Public Accountants for preparation and presentation of prospective financial information. Neither K-Sea s independent auditors, nor any other independent accountants, have compiled, examined, or performed any procedures with respect to the prospective financial information contained herein, nor have they expressed any opinion or any other form of assurance on such information or its achievability, and assume no responsibility for, and disclaim any association with, the prospective financial information. The report of such independent registered public accounting firm included in K-Sea s Annual Report on Form 10-K for the year ended June 30, 2010 relates to K-Sea s historical financial information. It does not extend to the K-Sea financial forecasts and should not be read to do so.

Kirby Financial Forecasts

In addition to being used by Kirby s board of directors in connection with its deliberations regarding the proposed merger consideration, the Kirby financial forecasts were also provided to K-Sea and Stifel Nicolaus. The Kirby financial forecasts were prepared for use only by Kirby, Kirby s board of directors, K-Sea and Stifel Nicolaus and do not, and were not intended to, act as public guidance regarding Kirby s future financial performance.

A summary of the material projected financial information that was included in the Kirby financial forecasts is set forth below. On February 26, 2011, Kirby provided Stifel Nicolaus with the financial forecasts

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summarized below (as updated by Kirby as to certain items on March 1, 2011). All amounts are expressed in thousands of dollars except per share amounts.

	2H2011	2012	2013	2014	2015
EBIT(1)	$ 133,400	$ 291,100	$ 323,400	$ 322,400	$ 337,700
Taxes(2)	$ (50,800)	$ (110,900)	$ (123,200)	$ (122,800)	$ (128,700)
Net operating profit after tax	$ 82,600	$ 180,200	$ 200,200	$ 199,600	$ 128,700
Depreciation and amortization	$ 55,800	$ 115,200	$ 117,600	$ 118,100	$ 118,700
Deferred taxes	$ 32,100	$ 48,200	$ 7,100	$ 9,000	$ 13,500
Capital expenditures(3)	$ (106,000)	$ (246,400)	$ (119,100)	$ (93,600)	$ (88,800)
(Increase) decrease in working capital(4)	$ 14,000	$ (16,500)	$ (2,700)	$ 14,300	$ (800)
Earnings per share	$ 1.44	$ 3.21	$ 3.64	$ 3.68	$ 3.84

(1) EBIT is earnings before interest and taxes. Kirby reports its financial results in accordance with generally accepted accounting principles (GAAP). EBIT is a non-GAAP financial measure used as a supplemental financial measure by management and by external users of financial statements to assess (i) the financial performance of Kirby s assets and Kirby s ability to generate cash, (ii) Kirby s operating performance and return on invested capital as compared to other companies in the industry, and (iii) compliance with certain financial covenants in Kirby s debt agreements.

(2) Assumes a tax rate of 38.1%.

(3) 2H2011 capital expenditures excludes the acquisition of United Holdings LLC and purchase of assets from Enterprise Marine Services LLC.

(4) The decrease in working capital for 2H2011 was calculated based on Kirby s forecasted balance sheets for June 30, 2011 and December 31, 2011. Kirby provided the forecasted balance sheet for June 30, 2011 to Stifel Nicolaus on March 1, 2011. The following table sets forth the amounts used to calculate this decrease in working capital:

	Forecasted Balance Sheet as of June 30, 2011	Forecasted Balance Sheet as of December 31, 2011
Accounts receivable	$ 214,282	$ 207,372
Inventory	$ 98,990	$ 96,190
Other current assets	$ 21,907	$ 22,967
Other assets	$ 74,853	$ 76,113
Accounts payable and accruals	$ (223,239)	$ (235,112)
Other long-term liabilities	$ (76,189)	$ (70,939)
Forecasted working capital	$ 110,604	$ 96,591

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The Kirby financial forecasts should be read together with the historical financial statements of Kirby, which have been filed with the SEC, and the other information regarding Kirby contained elsewhere in this proxy statement/prospectus. None of the Kirby financial forecasts were prepared with a view toward public disclosure, nor were they prepared with a view toward compliance with the published guidelines of the SEC or the guidelines established by the American Institute of Certified Public Accountants for preparation and presentation of prospective financial information. Neither Kirby s independent auditors, nor any other independent accountants, have compiled, examined, or performed any procedures with respect to the prospective financial information contained herein, nor have they expressed any opinion or any other form of assurance on such information or its achievability, and assume no responsibility for, and disclaim any association with, the prospective financial information. The report of such independent registered public accounting firm included in Kirby s Annual Report on Form 10-K for the year ended December 31, 2010 relates to Kirby s historical financial information. It does not extend to the Kirby financial forecasts and should not be read to do so.

Kirby s Reasons for the Merger

Kirby currently provides inland tank barge services to its customers in its principal business, moving petrochemicals, refined products and other cargos. With the acquisition of K-Sea, Kirby will be able to extend its transportation services to customers who have coastwise tank barge requirements. The following is a summary of the material reasons Kirby entered into the agreement to acquire K-Sea.

Strategic Fit. Kirby believes that K-Sea s U.S. coastwise Jones Act barge transportation business will complement Kirby s existing business by allowing Kirby to offer an extension of the service Kirby currently provides its customers in its inland tank barge business. Kirby and K-Sea currently serve many of the same customers and transport many of the same products in different markets.

Improving Outlook. Kirby believes that the outlook for the U.S. coastwise barge transportation business is improving. Although the business has been difficult in recent years because of excess capacity in the industry and reduced volumes, Kirby believes that the supply-demand balance appears to be improving as single hull tank barges are phased out of service as required by law and demand improves.

Geographical Diversification. Kirby operates its inland marine transportation business throughout the U.S. inland waterway system. In considering entry into the coastwise tank barge business, Kirby valued the comparable geographic diversification of K-Sea, which operates on the East Coast, West Coast and Gulf Coast and in Alaska and Hawaii.

Compatible Company Attributes. With a strong and experienced management team, a well maintained fleet, an emphasis on safety and long-term customer relationships, the K-Sea organization reflects the same attributes and objectives that Kirby has long emphasized in its operations.

Publicly Traded Partnership Structure. Investors in publicly traded partnerships typically expect regular cash distributions. As a result, Kirby believes that a publicly traded partnership like K-Sea may have limited flexibility with respect to the amount and timing of capital expenditures (including acquisitions) than it would have if it were not a publicly traded partnership. Because K-Sea will no longer be a publicly traded partnership after the merger, and because of Kirby s relative financial strength, Kirby believes that K-Sea will have more flexibility after the merger to take advantage of internal and external growth opportunities in the coastwise tank barge business as they arise.

Interests of Certain Persons in the Merger

Interests of K-Sea Management GP Executive Officers and Directors in the Merger

In considering the recommendations of the K-Sea Conflicts Committee and the K-Sea Board of Directors, K-Sea s unitholders should be aware that some of the executive officers and directors of K-Sea Management GP have interests in the merger that may differ from, or may be in addition to, the interests of K-Sea s

unitholders. These interests may present such executive officers and directors with actual or potential conflicts of interests, and these interests, to the extent material, are described below:

Ownership of K-Sea and K-Sea GP. Some of the officers and directors of K-Sea Management GP currently own K-Sea common units and have been granted K-Sea phantom units. As of March 31, 2011, such officers and directors beneficially owned an aggregate of 4,030,002 K-Sea common units and 258,896 K-Sea phantom units and, subject to the approval of the Amended and Restated Incentive Plan, will own an additional 112,194 K-Sea phantom units. Outstanding K-Sea common units and K-Sea phantom units will be converted, at the election of the holder, into the right to receive either cash or a combination of cash and Kirby common stock in the merger. In addition, certain officers and directors of K-Sea Management GP currently have a beneficial interest in the equity interests of K-Sea GP. In addition to the general partner interests of K-Sea held by K-Sea GP, for which K-Sea GP will be entitled to receive cash in the merger, K-Sea IDR Holdings, a wholly owned subsidiary of K-Sea GP and the owner of K-Sea s incentive distribution rights, will receive $18.0 million in cash with respect to the incentive distribution rights.

Interests in KA First Reserve, LLC. Some of the directors of K-Sea Management GP currently own equity interests in KA First Reserve, LLC, the holder of all 19,178,120 of the outstanding K-Sea preferred units. The outstanding K-Sea preferred units will be converted into the right to receive a combination of cash and Kirby common stock in the merger.

Interests in affiliates of Jefferies Capital Partners. Certain officers and directors own interests in affiliates of Jefferies Capital Partners. These affiliates, namely EW Transportation LLC, EW Holding Corp and EW Transportation Corp, own K-Sea common units and will be entitled, at their election, to receive either cash or a combination of cash and Kirby common stock in the merger.

Indemnification and Insurance. The merger agreement provides for indemnification by K-Sea and Kirby of present and former officers and directors acting in specified capacities for any of the K-Sea entities and for the maintenance of directors and officers liability insurance covering current and former directors and officers of the K-Sea entities for a period of six years following the merger. K-Sea and Kirby also agreed that all rights to indemnification now existing in favor of indemnified parties as provided in K-Sea s partnership agreement (or, as applicable, the charter, bylaws, partnership agreement, limited liability company agreement, or other organizational documents of any other K-Sea entity) and the indemnification agreements of the K-Sea entities shall survive the merger and continue in full force and effect in accordance with their terms.

Support Agreements. Certain of the directors of K-Sea Management GP have a beneficial interest in KA First Reserve, LLC, which owns all of the outstanding K-Sea preferred units, and certain other directors have a beneficial interest in affiliates of Jefferies Capital Partners. Together, KA First Reserve, LLC and the affiliates of Jefferies Capital Partners own approximately 59.9% of the outstanding K-Sea common units (including the preferred units on an as-converted to common units basis) and have entered into support agreements whereby, subject to the terms of those agreements, they have agreed to vote in favor of the merger. For more information on the support agreements, please read Proposal 1 The Merger Transactions Related to the Merger.

Vesting in Phantom Units. Some of the officers and directors of K-Sea Management GP have been granted K-Sea phantom units, which are subject to vesting requirements. If the merger is completed, these K-Sea phantom units will vest and will entitle the officers and directors to receive, at the election of the holder, either cash or a combination of cash and Kirby common stock in the merger as if such K-Sea phantom units were K-Sea common units. The following table sets forth, for each of K-Sea Management GP s directors

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and executive officers since July 1, 2009, the total number of K-Sea phantom units which will vest on completion of the merger:

	Number of K-Sea Phantom Units
Directors of K-Sea Management GP	
James J. Dowling	
Anthony S. Abbate	17,000
Barry J. Alperin	17,000
James C. Baker	
Kevin S. McCarthy	
Gary D. Reaves II	
Frank Salerno	17,000
Timothy J. Casey	233,620
Brian P. Friedman	
Officers of K-Sea Management GP	
Timothy J. Casey	233,620
Thomas M. Sullivan	17,880
Richard P. Falcinelli	17,880
Gregory J. Haslinsky	17,880
Terrence P. Gill	16,600
Gordon Smith	16,230

Severance and Employee Benefits. Kirby agreed that K-Sea would amend the employment agreements with Timothy J. Casey, Richard P. Falcinelli and Thomas M. Sullivan to extend their employment terms by one year following the merger, and to provide severance benefits in the event their employment is terminated without cause or for good reason under such agreements. Kirby has agreed that if Terrence P. Gill, Gregg Haslinsky or Gordon Smith are terminated without cause or they terminate their employment for good reason within one year following the merger they will be entitled to eighteen months base salary and target bonus as severance. For this purpose, good reason means (a) a material diminution in scope of responsibilities as in effect immediately prior to the merger, (b) material diminution in compensation opportunities, or (c) relocation of the officer s principal work location by 75 miles or more. Except as set forth in the merger agreement, there are no agreements or understandings between Kirby and any of K-Sea s officers or employees concerning employment or severance benefits.

Other Employee Benefits. Kirby agreed to maintain base salary, annual incentive bonus opportunities and other benefit plans and arrangements for all K-Sea shoreside employees (including officers) for one year following the merger. If the K-Sea employees become covered under Kirby s or a Kirby subsidiary s benefit plans, Kirby will waive any waiting periods, actively-at-work requirements or other restrictions that would prohibit immediate or full participation under any welfare plans or pre-existing condition limitations of health benefit plans, to the extent that such waiting periods, pre-existing condition limitations, actively-at-work requirements or other restrictions would not have applied to the K-Sea employees under the terms of the K-Sea benefit plans. Kirby also agreed to use commercially reasonable efforts to give full credit under its health benefit plans for all co-payments and deductibles satisfied at the time of the merger and for any lifetime maximums as if K-Sea and Kirby had been a single employer.

Each of the K-Sea Conflicts Committee and the K-Sea Board of Directors were aware of these different and/or additional interests and considered them, among other matters, in their respective evaluations and negotiations of the merger agreement.

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Golden Parachute Compensation

The following table sets forth the information required by Item 402(t) of Regulation S-K regarding the compensation for each named executive officer of K-Sea Management GP that is based on or otherwise relates to the merger, assuming the following:

the price per unit paid by Kirby in the merger is $8.15 per unit;

the merger closed on April 29, 2011 the last practicable date prior to the filing of this proxy statement/prospectus; and

the named executive officers of K-Sea Management GP were terminated without cause immediately following a change in control on April 29, 2011, which is the last practicable date prior to the filing of this proxy statement/prospectus.

Name	Cash ($)(1)	Equity ($)(2)	Pension/ NQDC ($)	Perquisites/ Benefits ($)(3)	Tax Reimbursements ($)	Other ($)	Total ($)
Timothy J. Casey	1,312,500	1,904,003		22,426			3,238,929
Terrence P. Gill	525,000	135,290					660,290
Thomas M. Sullivan	857,500	145,722		22,426			1,025,648
Richard P. Falcinelli	805,000	145,722		22,426			973,148
Gregory J. Haslinksy	587,500	145,722					733,222

(1) Cash severance is payable only if the executive is terminated without cause or leaves for good reason within one year following the merger.

(2) Consists of the accelerated vesting of K-Sea phantom units. Such amounts are payable regardless of whether or not the executive s employment is terminated.

(3) Represents the value of continued health benefits, which would be payable only if the executive is terminated without cause or leaves for good reason.

The merger agreement provides that all K-Sea phantom units will vest upon the consummation of the merger. Each executive officer that holds K-Sea phantom units has the right to elect to receive either cash or a combination of cash and Kirby common stock in the merger as if such K-Sea phantom units were K-Sea common units.

Kirby agreed that K-Sea would amend the employment agreements with Timothy J. Casey, Richard P. Falcinelli and Thomas M. Sullivan to extend their terms by one year following the merger, and to provide severance benefits in the event their employment is terminated without cause or for good reason under such agreements. Under their existing employment agreements, the severance that each of Messrs. Casey, Falcinelli and Sullivan would receive if they were terminated following a change in control is 3.5 times his base salary at the time of termination or resignation. Severance may be paid in a lump sum or in installments at the discretion of K-Sea. In addition, K-Sea would make COBRA payments on such officer s behalf for a period of one year.

Kirby has agreed that if Terrence P. Gill or Gregg Haslinsky are terminated without cause or they terminate their employment for good reason within one year following the merger, they will be entitled to eighteen months base salary and target bonus as severance, payable in a lump sum. For this purpose, good reason means (a) a material diminution in scope of responsibilities as in effect immediately prior to the merger, (b) material diminution in compensation opportunities, or (c) relocation of the officer s principal work location by 75 miles or more.

None of Kirby s executive officers will receive any type of golden parachute compensation that is based on or otherwise relates to the merger.

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Ownership Interests of Directors and Executive Officers

The following table sets forth, for each of the K-Sea Management GP directors and executive officers since July 1, 2009, the total number of K-Sea common units and K-Sea preferred units in which such director or executive officer owns, directly or indirectly, a beneficial interest, as of March 31, 2011:

	Common Units	Series A Preferred Units
Directors of K-Sea Management GP		
James J. Dowling	48,016	
Anthony S. Abbate	28,500	
Barry J. Alperin	13,500	
James C. Baker(1)		
Kevin S. McCarthy(1)		
Gary D. Reaves II(1)		
Frank Salerno	7,800	
Timothy J. Casey	47,563	
Brian P. Friedman(2)	3,838,958	
Officers of K-Sea		
Timothy J. Casey	47,563	
Thomas M. Sullivan	15,151	
Richard P. Falcinelli	15,066	
Gregory J. Haslinsky	11,179	
Terrence P. Gill	3,859	
Gordon Smith	410	
Record Owners Affiliated with Certain Directors of K-Sea Management GP		
KA First Reserve, LLC(1)		19,178,120
EW Transportation LLC(2)	2,983,182	
EW Holding Corp(2)	539,773	
EW Transportation Corp(2)	267,045	

(1) Messrs. James C. Baker, Kevin S. McCarthy and Gary D. Reaves II became Directors on September 10, 2010 pursuant to the terms of the Director Designation Agreement executed in connection with the Series A Preferred Unit investment by KA First Reserve, LLC in the Company. KA First Reserve, LLC owns 19,178,120 Series A Preferred Units representing limited partner interests, which represents a 50.0% limited partnership interest in the Company as of February 9, 2011. Messrs. James C. Baker, Kevin S. McCarthy and Gary D. Reaves II are employees of affiliates of KA First Reserve, LLC. In addition, James C. Baker and Kevin S. McCarthy have membership interests of 0.02% and 0.07%, respectively, in KA First Reserve, LLC. The address of KA First Reserve, LLC is 717 Texas Avenue, Suite 3100, Houston, Texas 77002.

(2) Mr. Friedman owns 51% of Park Avenue Transportation Inc., the manager of EW Transportation LLC and, therefore, may be deemed to beneficially own the common units held by EW Transportation LLC. EW Transportation LLC is owned by individual investors, including certain of the K-Sea Management GP directors and executive officers. The address of EW Transportation LLC is One Tower Center Blvd. 17th FL, East

Brunswick, New Jersey 08816. The table below sets forth the economic interest in, and beneficial ownership of equity interests of, EW Transportation LLC, which beneficial ownership includes units beneficially owned by EW Holding Corp. and EW Transportation Corp., its wholly owned subsidiaries:

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Economic Interest in and Beneficial Ownership of EW Transportation LLC

Name of Beneficial Owner	Economic Interest	Equity Interest
EW Transportation LLC	90.0%	98.3%
Park Avenue Transportation Inc.(a)	90.0%	98.3%
Brian P. Friedman(a)	90.0%	98.3%
James J. Dowling		
Anthony S. Abbate		
Barry J. Alperin		
James C. Baker		
Kevin S. McCarthy		
Gary D. Reaves II		
Frank Salerno		
Timothy J. Casey	5.5%	*
Terrence P. Gill	*	*
Thomas M. Sullivan	1.3%	*
Richard P. Falcinelli	1.3%	*
Gregory J. Haslinsky	*	*
Gordon Smith	*	*
All directors and executive officers of K-Sea Management GP as a group (14 persons)	98.4%	99.7%

* Less than 1%.

(a) Park Avenue Transportation Inc. is the manager of EW Transportation LLC. Mr. Friedman owns 51% of the outstanding shares of capital stock of Park Avenue Transportation Inc.

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K-Sea Management GP

The following table sets forth the economic interest in, and the beneficial ownership of equity interests of, K-Sea Management GP, the general partner of K-Sea GP, as of March 31, 2011:

Name of Beneficial Owner	Economic Interest/ Equity Interest
KSP Investors D L.P.	90.0%
Park Avenue Transportation Inc.(1)	90.0%
Brian P. Friedman(1)	90.0%
James J. Dowling(2)	
Anthony S. Abbate	
Barry J. Alperin	
James C. Baker	
Kevin S. McCarthy	
Gary D. Reaves II	
Frank Salerno	
Timothy J. Casey	5.5%
Terrence P. Gill	*
Thomas M. Sullivan	1.3%
Richard P. Falcinelli	1.3%
Gregory J. Haslinsky	*
Gordon Smith	
All directors and executive officers of K-Sea Management GP as a group (14 persons)	98.4%

* Less than 1%.

(1) Park Avenue Transportation Inc. is the general partner of KSP Investors D L.P. and, therefore, has sole voting and dispositive power with respect to the equity interests of K-Sea Management GP.

(2) Mr. Dowling has an effective 1.38% economic interest in KSP Investors D L.P.

Indemnification; Directors and Officers Insurance

Pursuant to the merger agreement, K-Sea and Kirby have agreed to indemnify, defend, hold harmless and advance expenses to each present and former officer and director of the K-Sea Parties and the K-Sea subsidiaries to the fullest extent authorized or permitted by law. K-Sea and Kirby also have agreed that all rights to indemnification, advancement of expenses and exculpation from liabilities for acts or omissions occurring prior to the effective time of the merger now existing in favor of current and former officers and directors of any K-Sea Party or any K-Sea subsidiary will survive the merger and continue in full force and effect in accordance with the their terms and without regard to any subsequent amendment thereof.

In addition, K-Sea and Kirby have agreed that K-Sea will, for at least six years following the effective date of the merger, maintain tail directors and officers liability insurance with respect to the directors and officers of the K-Sea entities who are currently covered by existing directors and officers liability insurance with respect to claims arising

from facts or events that occurred before the effective time of the merger; provided, that the annual premium for such insurance shall not be in excess of 300% of the current annual premium paid by K-Sea. In the event the annual premium for such insurance exceeds such maximum amount, Kirby agreed to purchase as much coverage per policy year as reasonably obtainable for such maximum amount.

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Support Agreements

Certain of the directors of K-Sea have a beneficial interest in KA First Reserve, LLC, which owns all of the outstanding K-Sea preferred units, and certain other directors have a beneficial interest in affiliates of Jefferies Capital Partners. Together, KA First Reserve, LLC and the affiliates of Jefferies Capital Partners own approximately 59.9% of the outstanding K-Sea common units (including the K-Sea preferred units on an as-converted to common units basis) and have entered into support agreements whereby, subject to the terms of those agreements, they have agreed to vote in favor of the merger.

For more information on the support agreements, please read the section titled Proposal 1 The Merger Transactions Related to the Merger.

Board of Directors of Kirby Following the Merger

Following the completion of the merger, Kirby s board of directors will remain unchanged. Information about the current Kirby directors and executive officers can be found in the documents listed under the heading Where You Can Find More Information beginning on page 120 of this proxy statement/prospectus.

Manner and Procedure for Exchanging K-Sea Units

Included with the election form being mailed to holders of record of K-Sea common units as of the record date for the special meeting are customary transmittal materials, as well as an accompanying information and instruction booklet, which set forth the procedures for delivery to Computershare Trust Company, N.A., the exchange agent for the merger, of certificates or book-entry units representing K-Sea common units. An election form will be considered properly completed only (i) if accompanied by one or more certificates representing the K-Sea unitholder s common units duly endorsed in blank or otherwise in form acceptable for transfer on the books of K-Sea and/or (ii) upon receipt of an agent s message by the exchange agent with respect to the K-Sea unitholder s book-entry common units, or such other evidence of transfer of the K-Sea unitholder s book-entry common units as the exchange agent may reasonably request, together with duly executed transmittal materials included therein. Promptly following the closing of the merger, the exchange agent will arrange for the payment to each such holder of the merger consideration to which the holder is entitled.

As soon as reasonably practicable after the closing of the merger, the exchange agent will mail a separate form of letter of transmittal, as well as instructions for use in effecting the surrender of certificates or book-entry units evidencing K-Sea common units, to each holder of record of K-Sea common units as of the effective time of the merger for which a properly completed election form was not submitted by the election deadline. Such holders will be paid the merger consideration to which they are entitled (which, because no timely election was made with respect to such common units, will be cash consideration) promptly following the receipt by the exchange agent of such certificates or book-entry units and a properly completed letter of transmittal. Any shares of Kirby common stock received as merger consideration will be issued in book-entry form and, as such, the conversion of any K-Sea book-entry units into shares of Kirby common stock will occur automatically upon the closing of the merger (assuming a properly completed election form was submitted prior to the election deadline).

After the effective time of the merger, K-Sea common and preferred units will no longer be outstanding, will be automatically canceled and will cease to exist and only represent the right to receive the applicable merger consideration.

Regulatory Approvals Required for the Merger

Kirby and K-Sea have agreed to use their reasonable best efforts to obtain all governmental and regulatory approvals required to complete the transactions contemplated by the merger agreement. These approvals include approval under, or notices pursuant to, the HSR Act. Under the HSR Act and the rules promulgated by the FTC, the merger may not be completed by the parties until (1) certain materials and information are furnished to the DOJ and the FTC, and (2) the applicable waiting period under the HSR Act is

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terminated or expires. Kirby and K-Sea each filed the required HSR notification and report forms on April 1, 2011, commencing a 30-day statutory waiting period. On April 13, 2011, the FTC granted early termination of such statutory waiting period. Despite the early termination of the statutory waiting period under the HSR Act, the DOJ, the FTC and others may still challenge the merger on antitrust grounds. Accordingly, at any time before or after the completion of the merger, the DOJ, the FTC or others could take action under the antitrust laws as deemed necessary or desirable in the public interest, including without limitation seeking to enjoin the completion of the merger or to permit completion only subject to regulatory concessions or conditions. There can be no assurance that a challenge to the merger will not be made or that, if a challenge is made, it will not prevail.

Kirby and K-Sea also intend to make all required filings under the Securities Act and the Exchange Act relating to the merger, and obtain all other approvals and consents which may be necessary to give effect to the merger.

For further information about the regulatory approvals required for the merger and the efforts required of the parties to obtain those approvals, see the section titled The Merger Agreement Agreement to use Reasonable Best Efforts beginning on page 90 of this proxy statement/prospectus.

Expected Timing of the Merger

Kirby and K-Sea currently expect to complete the merger in June or July 2011, subject to the receipt of required K-Sea unitholder and regulatory approvals and the satisfaction or waiver of the other conditions to completion of the merger. Because many of the conditions to completion of the merger are beyond the control of Kirby and K-Sea, exact timing for completion of the merger cannot be predicted with any amount of certainty.

No Kirby Stockholder Approval

Kirby common stockholders are not required to approve the merger agreement, the merger or the issuance of shares of Kirby common stock in connection with the merger.

Appraisal Rights

K-Sea unitholders do not have and are not entitled to exercise appraisal rights in connection with the merger under Delaware law or K-Sea s partnership agreement.

Merger Expenses, Fees and Costs

All fees, costs and expenses incurred by Kirby and K-Sea in connection with the merger will be paid by the party incurring those fees, costs or expenses, whether or not the merger is completed, except that Kirby and K-Sea have agreed to each pay one-half of the filing fee under the HSR Act. Upon termination of the merger agreement under certain circumstances, K-Sea will pay up to $3.0 million of Kirby s fees and expenses incurred in connection with the merger and/or pay Kirby a termination fee of $12.0 million. See The Merger Agreement Termination Fees and Expenses beginning on page 96 of this proxy statement/prospectus.

Accounting Treatment

In accordance with accounting principles generally accepted in the United States, or GAAP, Kirby will account for the merger using the acquisition method of accounting for business combinations. Under this method of accounting, Kirby will record the acquisition based on the fair value of the consideration given, which includes the market value of its shares issued in connection with the merger (based on the closing price of shares of Kirby common stock on the closing date of the merger) and the cash consideration paid in the merger. Kirby will allocate the purchase price to the

identifiable assets acquired and liabilities assumed based on their respective fair values at the date of the completion of the merger. Any excess of the value of consideration paid over the aggregate fair value of those net assets will be recorded as goodwill.

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Material U.S. Federal Income Tax Consequences of the Merger and of Owning and Disposing of Shares of Kirby Common Stock Received in the Merger

The following is a discussion of certain material U.S. federal income tax consequences to holders of K-Sea common units of the merger and of owning and disposing of Kirby shares received in the merger. This discussion is based upon the Internal Revenue Code of 1986, as amended (the Code), applicable Treasury regulations and administrative and judicial interpretations thereof, all as in effect on the date of this proxy statement/prospectus. These laws may change, possibly retroactively, and any change could affect the accuracy of the statements and conclusions set forth in this discussion. Neither K-Sea nor Kirby has sought a ruling from the Internal Revenue Service (the IRS) with respect to any of the tax consequences discussed below and, as a result, the IRS would not be precluded from taking positions contrary to those described herein. As a result, no assurance can be given that the IRS will agree with all of the tax characterizations and the tax consequences described below.

This discussion is limited to K-Sea common unitholders that are U.S. holders (as defined below) and that hold their K-Sea common units, and will hold their Kirby shares, if any, received in the merger, as capital assets within the meaning of Section 1221 of the Code (generally, property held for investment). This discussion does not address any tax consequences arising under the laws of any state, local or foreign jurisdiction, or under any U.S. federal laws other than those pertaining to income tax. Furthermore, this discussion does not address all aspects of U.S. federal income taxation that may be relevant to U.S. holders in light of their particular circumstances or that may be applicable to them if they are subject to special treatment under the U.S. federal income tax laws, including, without limitation:

a bank, insurance company or other financial institution;

an entity that is tax-exempt for U.S. federal income tax purposes;

an S corporation or other pass-through entity (or entity treated as such for U.S. federal income tax purposes), or a holder of interests therein;

a mutual fund;

a regulated investment company or real estate investment trust;

a dealer or broker in stocks and securities, or currencies;

a trader in securities that has elected the mark-to-market method of accounting for his or her securities;

a person subject to the alternative minimum tax;

a holder of K-Sea common units that received such common units pursuant to a retirement plan or otherwise as compensation;

holders of options, or holders of restricted units or bonus units, granted under any K-Sea benefit plan;

a person that is not a U.S. holder;

a person whose functional currency is not the U.S. dollar;

a holder of K-Sea common units that holds such K-Sea common units as part of a hedge, straddle, conversion or other synthetic security or integrated transaction; or

a U.S. expatriate.

The U.S. federal income tax consequences of the merger to a partner in an entity or arrangement treated as a partnership for U.S. federal income tax purposes that holds K-Sea common units generally will depend on the status of the partner and the activities of the partnership. Partners in a partnership holding K-Sea common units should consult their own tax advisors.

For purposes of this discussion, the term U.S. holder means a beneficial owner of K-Sea common units or Kirby shares that is for U.S. federal income tax purposes (1) an individual citizen or resident of the United States, (2) a corporation, including any entity treated as a corporation for U.S. federal income tax

purposes, created or organized in or under the laws of the United States, any state thereof or the District of Columbia, (3) a trust if (x) a U.S. court is able to exercise primary supervision over the trust s administration and one or more United States persons (within the meaning of Section 7701(a)(30) of the Code) are authorized to control all substantial decisions of the trust or (y) it has a valid election in effect under applicable Treasury regulations to be treated as a United States person, or (4) an estate that is subject to U.S. federal income tax on its income regardless of its source.

THIS SUMMARY OF THE MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE MERGER TO U.S. HOLDERS IS FOR GENERAL INFORMATION ONLY AND IS NOT TAX ADVICE. THE DETERMINATION OF THE ACTUAL TAX CONSEQUENCES OF THE MERGER TO A U.S. HOLDER WILL DEPEND ON THE U.S. HOLDER S SPECIFIC SITUATION. U.S. HOLDERS SHOULD CONSULT, AND RELY UPON, THEIR OWN TAX ADVISORS AS TO THE TAX CONSEQUENCES OF THE MERGER TO THEM TAKING INTO ACCOUNT THEIR PARTICULAR CIRCUMSTANCES, INCLUDING THE APPLICABILITY AND EFFECT OF ANY STATE, LOCAL, FOREIGN OR OTHER TAX LAWS AND OF CHANGES IN THOSE LAWS.

Tax Consequences of the Merger to U.S. Holders of K-Sea Common Units

Tax Characterization of the Merger. The receipt of cash or cash and Kirby shares in exchange for K-Sea common units pursuant to the merger will be a taxable transaction to U.S. holders for U.S. federal income tax purposes. In general, the merger will be treated as a taxable sale of a U.S. holder s K-Sea common units in exchange for the cash or cash and Kirby shares received in the merger.

Amount and Character of Gain or Loss Recognized. For U.S. federal income tax purposes, a U.S. holder who exchanges its K-Sea common units for cash or cash and Kirby shares pursuant to the merger will generally recognize a capital gain or loss in an amount equal to the difference between (i) the sum of (A) the amount of cash received, (B) the fair market value of any Kirby shares received, and (C) such U.S. holder s share of K-Sea s nonrecourse debt immediately prior to the merger and (ii) such U.S. holder s adjusted tax basis in the K-Sea common units exchanged therefor. However, a portion of this gain or loss will be separately computed and taxed as ordinary income or loss under Section 751 of the Code to the extent attributable to assets giving rise to unrealized receivables or to inventory items of K-Sea. The term unrealized receivables includes potential recapture items, including depreciation recapture. Ordinary income attributable to unrealized receivables, inventory items and depreciation recapture may exceed net taxable gain realized upon the exchange of K-Sea common units pursuant to the merger and may be recognized even if there is a net taxable loss realized on the exchange of such U.S. holder s K-Sea common units pursuant to the merger.

Capital gain recognized by a U.S. holder will generally be long-term capital gain subject to tax at preferential rates if such U.S. holder is an individual who has held his or her K-Sea common units for more than twelve months on the date of the merger. Capital losses may offset capital gains and no more than $3,000 of ordinary income, in the case of individuals, and may only be used to offset capital gains in the case of corporations.

K-Sea Items of Income, Gain, Loss and Deduction for the Taxable Period Ending on the Date of the Merger. U.S. holders of K-Sea common units will be allocated their share of K-Sea s items of income, gain, loss and deduction for the taxable period of K-Sea ending on the date of the merger. These allocations will be made in accordance with the terms of the K-Sea partnership agreement. A U.S. holder will be subject to U.S. federal income taxes on any such allocated income and gain even though such U.S. holder will not receive any additional cash distributions from K-Sea attributable to such allocated income and gain. Any such income and gain allocated to a U.S. holder will increase the U.S. holder s tax basis in the K-Sea common units held and, therefore, will reduce the gain (or increase the loss) recognized by such U.S. holder resulting from the merger. Any losses or deductions allocated to a U.S. holder will decrease the U.S. holder s tax basis in the K-Sea common units held and, therefore, will

increase the gain (or reduce the loss) recognized by such U.S. holder resulting from the merger.

Tax Basis in Kirby Shares Received in the Merger. A U.S. holder s tax basis in the Kirby shares received in the merger will equal the fair market value of such shares.

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Holding Period in Kirby Shares Received in the Merger. A U.S. holder s holding period in the Kirby shares, if any, received in the merger will begin on the day after the date of the merger.

Tax Treatment to K-Sea Phantom Unit Holders

Holders of K-Sea phantom units will have ordinary income equal to the cash and/or value of Kirby common stock received in the merger, subject to withholding for income and employment taxes. K-Sea will be entitled to an income tax deduction equal to the amount of income recognized by the holders of K-Sea phantom units.

Tax Consequences of Owning and Disposing of Shares of Kirby Common Stock Received in the Merger to U.S. Holders

Distributions on Kirby Shares. For U.S. federal income tax purposes, distributions of cash by Kirby to a U.S. holder with respect to shares of Kirby common stock received in the merger will generally be included in a U.S. holder s income as ordinary dividend income to the extent of Kirby s current and accumulated earnings and profits (as determined under U.S. federal income tax principles). Distributions of cash in excess of Kirby s current and accumulated earnings and profits will be treated as a non-taxable return of capital reducing a U.S. holder s adjusted tax basis in his or her Kirby shares and, to the extent the distribution exceeds such U.S. holder s adjusted tax basis, as capital gain from the sale or exchange of such Kirby shares. Dividends received by a corporate U.S. holder may be eligible for a dividends received deduction, subject to applicable limitations, and dividends received by an individual U.S. holder before January 1, 2013, may be taxed at the lower applicable long-term capital gains rate, provided certain holding period requirements are satisfied.

Sale, Exchange, Certain Redemptions or Other Taxable Dispositions of Common Stock. Upon the sale, exchange, certain redemptions or other taxable dispositions of Kirby shares received in the merger, a U.S. holder will generally recognize capital gain or loss equal to the difference between (i) the amount of cash and the fair market value of any property received upon such taxable disposition and (ii) the U.S. holder s adjusted tax basis in such Kirby shares. Such capital gain or loss will be long-term capital gain or loss if the U.S. holder s holding period in the Kirby shares is more than twelve months at the time of the taxable disposition. Otherwise, such gain or loss will be short-term capital gain or loss. Long-term capital gains of individuals are currently subject to U.S. federal income tax at lower rates than rates that apply to ordinary income. The deductibility of capital losses is subject to limitations.

Information Reporting and Backup Withholding

Information returns may be required to be filed with the IRS in connection with the merger and in connection with distributions made with respect to, or dispositions of, Kirby shares received in the merger. A U.S. holder may be subject to U.S. backup withholding on payments made pursuant to the merger or on distributions made with respect to, or on payments made pursuant to dispositions of, Kirby shares received in the merger if the U.S. holder fails to provide its taxpayer identification number to the paying agent and comply with certification procedures, or to otherwise establish an exemption from U.S. backup withholding.

U.S. backup withholding is not an additional tax. The amount of any U.S. backup withholding will generally be allowed as a credit against the U.S. holder s U.S. federal income tax liability and may entitle the U.S. holder to a refund, provided that the required information is timely furnished to the IRS.

NYSE Listing of Kirby Shares

Shares of Kirby common stock currently trade on the NYSE under the stock symbol KEX. It is a condition to the completion of the merger that the Kirby common stock to be issued by Kirby to K-Sea unitholders be approved for

listing on the NYSE, subject to official notice of issuance. Kirby has agreed to use its commercially reasonable efforts to cause the shares of Kirby common stock issuable in connection with the merger to be authorized for listing on the NYSE and expects to obtain the NYSE s approval to list such shares prior to completion of the merger, subject to official notice of issuance.

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Delisting and Deregistration of K-Sea Common Units

K-Sea s common units currently trade on the NYSE under the symbol KSP. If the merger is completed, the K-Sea common units will cease to be listed on the NYSE and will be deregistered under the Exchange Act.

Litigation Relating to the Merger

On March 17, 2011, Douglas Craig, a purported K-Sea unitholder, filed a complaint in the Superior Court of New Jersey, Law Division, Middlesex County, as a class action on behalf of K-Sea unitholders, captioned *Douglas Craig v. K-Sea Transportation Partners, L.P., et al.* (the Craig Complaint). The Craig Complaint alleges, among other things, that the named directors have breached their fiduciary duties in connection with the proposed merger and that Kirby aided and abetted these alleged breaches of fiduciary duties. The Craig Complaint was withdrawn on April 11, 2011.

On March 18, 2011, Donald McCoy, a purported K-Sea unitholder, filed a complaint in the Superior Court of New Jersey, Chancery Division, Middlesex County, as a class action on behalf of K-Sea unitholders, captioned *Donald McCoy v. Timothy J. Casey, et al.*, Case No. C-000051-11 (the McCoy Complaint). The McCoy Complaint alleges, among other things, that the named directors have breached their fiduciary duties in connection with the proposed merger and that Kirby aided and abetted in these alleged breaches of fiduciary duties.

On March 18, 2011, James R. Riggins, a purported K-Sea unitholder, filed a complaint in the Superior Court of New Jersey, Chancery Division, Middlesex County, as a class action on behalf of K-Sea unitholders, captioned *James R. Riggins v. K-Sea Transportation Partners L.P., et al.*, Case No. C-000054-11 (the Riggins Complaint). The Riggins Complaint alleges, among other things, that the named directors have breached their fiduciary duties in connection with the proposed merger and that Kirby aided and abetted in these alleged breaches of fiduciary duties.

On March 21, 2011, William W. Caldwell, a purported K-Sea unitholder, filed a complaint in the Court of Chancery of the State of Delaware (the Delaware Court), as a class action on behalf of K-Sea unitholders, captioned *William W. Caldwell v. K-Sea Transportation Partners L.P., et al.*, C.A. No. 6301-VCP (the Caldwell Complaint). The Caldwell Complaint alleges, among other things, that the named directors, K-Sea GP and K-Sea Management GP have breached fiduciary duties in connection with the proposed merger and that the Kirby Parties aided and abetted in these alleged breaches of fiduciary duties. On March 28, 2011, Thomas J. Zilli, a purported K-Sea unitholder, filed a complaint in the Delaware Court as a class action on behalf of K-Sea unitholders. On March 31, 2011, Stephen Evans, a purported K-Sea unitholder, filed a complaint in the Delaware Court as a class action on behalf of K-Sea unitholders. The actions initiated by Messrs. Zilli and Evans were subsequently consolidated with the action initiated by Mr. Caldwell, and the Caldwell Complaint was deemed the operative complaint in the consolidated action.

On March 22, 2011, Dave Wheeler, a purported K-Sea unitholder, filed a complaint in the Superior Court of New Jersey, Chancery Division, Middlesex County, as a class action on behalf of K-Sea unitholders, captioned *Dave Wheeler v. K-Sea Transportation Partners L.P., et al.*, Case No. C-000053-11 (the Wheeler Complaint). The Wheeler Complaint alleges, among other things, that the named directors, K-Sea GP, and K-Sea Management GP have breached their fiduciary duties in connection with the proposed merger and that Kirby, KSP Holding Sub, Kirby LP Sub, K-Sea, K-Sea GP and K-Sea Management GP aided and abetted in these alleged breaches of fiduciary duties.

On April 12, 2011, Edward F. Norton, III and Ken Poesl, purported K-Sea unitholders, filed a complaint in the Delaware Court as a class action on behalf of K-Sea unitholders, captioned *Edward F. Norton, III and Ken Poesl v. K-Sea Transportation Partners L.P., et al.*, C.A. No. 6367-VCP (the Norton Complaint). The Norton Complaint alleges, among other things, that Messrs. Abbate, Alperin and Salerno as members of the K-Sea Conflicts Committee

have breached fiduciary duties in connection with the proposed merger and that the named directors and K-Sea GP, K-Sea Management GP and KA First Reserve LLC have breached contractual duties arising from K-Sea s partnership agreement.

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On April 18, 2011, Alfred Ivers, a purported K-Sea unitholder, filed a complaint in the Delaware Court as a class action on behalf of K-Sea unitholders, captioned *Alfred Ivers v. K-Sea Transportation Partners L.P., et al.*, C.A. No. 6391-VCP (the Ivers Complaint). The Ivers Complaint alleges, among other things, that the named directors, K-Sea GP, K-Sea IDR Holdings and K-Sea Management GP have breached fiduciary duties in connection with the proposed merger and that the Kirby Parties aided and abetted in these alleged breaches of fiduciary duties.

On April 21, 2011, the named directors, K-Sea, K-Sea GP, K-Sea IDR Holdings and K-Sea Management GP moved to consolidate and stay the New Jersey actions.

On May 2, 2011, the Delaware Court consolidated the Norton and Ivers complaints with the previously consolidated Delaware actions.

Each of these complaints seeks to enjoin the proposed merger transaction and, in the event the merger is consummated, to rescind the merger or to obtain rescissory damages. K-Sea and Kirby cannot predict the outcome of these or any other lawsuits that might be filed subsequent to the date of the filing of this proxy statement/prospectus, nor can K-Sea and Kirby predict the amount of time and expense that will be required to resolve these lawsuits. K-Sea and Kirby intend to vigorously defend against these and any other actions.

THE MERGER AGREEMENT

This section of the proxy statement/prospectus describes the material provisions of the merger agreement but does not purport to describe all of the terms of the merger agreement. The following summary is qualified in its entirety by reference to the complete text of the merger agreement, which is attached as Annex A to this proxy statement/prospectus and incorporated into this proxy statement/prospectus by reference. Kirby and K-Sea urge you to read the full text of the merger agreement because it is the legal document that governs the merger. It is not intended to provide you with any other factual information about Kirby or K-Sea. In particular, the assertions embodied in the representations and warranties contained in the merger agreement (and summarized below) were made by and to the parties thereto as of specific dates and are qualified by information in disclosure schedules provided by K-Sea to Kirby in connection with the signing of the merger agreement. These disclosure schedules contain information that modifies, qualifies and creates exceptions to the representations and warranties set forth in the merger agreement. Moreover, certain representations and warranties in the merger agreement were used for the purpose of allocating risk between Kirby and K-Sea rather than establishing matters as facts and may be subject to a contractual standard of materiality or material adverse effect different from that generally applicable to public disclosures to equity holders. Information concerning the subject matter of these representation or warranties may have changed since the date of the merger agreement. Kirby and K-Sea will provide additional disclosure in their public reports to the extent that they are aware of the existence of any material facts that are required to be disclosed under federal securities laws and that might otherwise contradict the terms and information contained in the merger agreement and will update such disclosure as required by federal securities laws. Other than as disclosed in this proxy statement/prospectus and the documents incorporated herein by reference, as of the date of this proxy statement/prospectus, neither Kirby nor K-Sea is aware of any material facts that are required to be disclosed under the federal securities laws that would contradict the representations and warranties in the merger agreement. The representations and warranties in the merger agreement and the description of them in this document should not be read alone but instead should be read in conjunction with the other information contained in the reports, statements and filings that Kirby and K-Sea publicly file with the SEC. Such information can be found elsewhere in this proxy statement/prospectus and in the public filings Kirby and K-Sea make with the SEC, as described in the section titled Where You Can Find Additional Information beginning on page 120 of this proxy statement/prospectus.

The Merger

The merger agreement provides for the merger of Merger Sub with and into K-Sea, with K-Sea to be the surviving entity and an indirect wholly owned subsidiary of Kirby.

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Effects of the Merger; Conversion of Equity Interests

At the effective time of the merger, the following will occur:

- the holders of K-Sea s common and preferred units will cease to be limited partners of K-Sea and will cease to have any rights with respect to such common and preferred units, which will be cancelled, except for the right to receive the applicable merger consideration (as described below in the section Merger Consideration);
- the incentive distribution rights and the general partner units of K-Sea will be converted into the right to receive the applicable merger consideration (as described below under Merger Consideration) and will thereafter be cancelled;
- K-Sea s partnership agreement will be amended and restated in its entirety in the form attached as Exhibit B to the merger agreement, which is attached as Annex A to this proxy statement/prospectus;
- Kirby Holding Sub s limited liability company interest in Merger Sub will be converted into and become a 1% general partner interest in K-Sea, and Kirby Holding Sub will become the sole general partner of K-Sea; and
- Kirby LP Sub s limited liability company interest in Merger Sub will be converted into and become a 99% limited partner interest in K-Sea, and Kirby LP Sub will become the sole limited partner of K-Sea.

Merger Consideration

At the effective time of the merger, by virtue of the merger and without any further action on the part of any holder of K-Sea units, the following will occur:

- each outstanding K-Sea common unit (and each K-Sea phantom unit) will be cancelled and converted into the right to receive, at the election of the holder, either (a) $8.15 in cash, without interest, or (b) $4.075 in cash, without interest, and 0.0734 of a share of Kirby common stock (rounded to the nearest ten-thousandth of a share);
- each outstanding preferred unit of K-Sea will be cancelled and converted into the right to receive $4.075 in cash, without interest, and 0.0734 of a share of Kirby common stock (rounded to the nearest ten-thousandth of a share);
- each outstanding general partner unit of K-Sea will be cancelled and converted into the right to receive $8.15 in cash, without interest; and
- the incentive distribution rights of K-Sea will be cancelled and converted into the right to receive an aggregate of $18.0 million in cash, without interest.

No fractional shares of Kirby common stock will be issued in connection with the merger. In lieu of fractional share interests, the holders thereof will receive cash, without interest, with a value equal to the fractional share interest to which such holder would otherwise be entitled multiplied by $55.54.

For a description of Kirby common stock and K-Sea common units, and a description of the comparative rights of the holders thereof, see Comparison of Rights of Kirby Stockholders and K-Sea Unitholders beginning on page 102 of

this proxy statement/prospectus.

Unitholder Elections

An election form, customary transmittal materials and an accompanying information and instruction booklet are being mailed separately (but concurrently with the mailing of this proxy statement/prospectus and accompanying proxy card) to each holder of record of common units of K-Sea as of the record date for the special meeting. Each election form will permit that K-Sea unitholder to elect the number of common units of K-Sea with respect to which such holder elects to receive solely cash and the number of common units of K-Sea with respect to which such holder elects to receive cash and shares of Kirby common stock.

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Election forms must be received by the exchange agent on or before 5:00 p.m., New York time, on the election deadline, which is currently set at [ ], 2011 (and assumes a closing date of [ ], 2011). In the event that the closing date is moved to a later date, Kirby will publicly announce this change and the election deadline will be similarly extended with respect to the newly-scheduled closing date of the merger. An election will be deemed to be properly made only if the exchange agent has received a properly completed election form prior to the election deadline. An election form will be considered properly completed only (i) if accompanied by one or more certificates representing the K-Sea unitholder s common units duly endorsed in blank or otherwise in form acceptable for transfer on the books of K-Sea (or by an appropriate guarantee of delivery as described in the election form), and/or (ii) upon receipt of an agent s message by the exchange agent with respect to the K-Sea unitholder s book-entry common units, or such other evidence of transfer of the K-Sea unitholder s book-entry common units as the exchange agent may reasonably request, together with duly executed transmittal materials included therein. Kirby will make election forms available as may reasonably be requested by persons who become holders of K-Sea common units between the record date for the special meeting and the election deadline.

K-Sea unitholders entitled to make an election may revoke or change their election at any time by sending written notice thereof to the exchange agent, which notice must be received by the exchange agent prior to the election deadline. In the event an election form is revoked prior to the election deadline, the common units represented by such election form will be treated as units in respect of which no election has been made, except to the extent a subsequent election is properly made by the unitholder during the election period.

Any K-Sea common units with respect to which the exchange agent does not receive a properly completed and timely election form (including any units in respect of which an election has been revoked but no subsequent election has been properly made) will be deemed not to have made an election and will be entitled to receive merger consideration as if an election to receive solely cash had been made with respect to such common units.

Representations and Warranties

The merger agreement contains general representations and warranties made by each of K-Sea, K-Sea GP, and K-Sea Management GP, on one hand, and Kirby, Kirby Holding Sub, Kirby LP Sub, and Merger Sub, on the other hand, regarding aspects of their respective businesses, financial condition and structure, as well as other facts pertinent to the merger. These representations and warranties are subject to materiality, knowledge and other similar qualifications in many respects and expire at the effective time of the merger. The representations and warranties of each of Kirby and K-Sea have been made solely for the benefit of the other party. In addition, those representations and warranties may be intended not as statements of actual fact, but rather as a way of allocating risk between the parties, may have been modified by the disclosure schedules attached to the merger agreement, are subject to the materiality standard described in the merger agreement, which may differ from what may be viewed as material by you, and were made only as of the date of the merger agreement and the closing date of the merger or another date as is specified in the merger agreement. Information concerning the subject matter of these representations or warranties may have changed since the date of the merger agreement. Kirby and K-Sea will provide additional disclosure in their public reports to the extent that they are aware of the existence of any material facts that are required to be disclosed under federal securities laws and that might otherwise contradict the terms and information contained in the merger agreement and will update such disclosure as required by federal securities laws.

The K-Sea Parties made a number of representations and warranties to the Kirby Parties in the merger agreement, including representations and warranties relating to the following matters:

- organization, valid existence, good standing and qualification to do business;
- organizational and governing documents;

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the capital structure, ownership of K-Sea GP and K-Sea Management GP, the absence of certain rights to issue, purchase, transfer or sell equity securities of K-Sea, and the absence of indebtedness having the right to vote on any matters on which equity holders of K-Sea may vote;

authority to enter into the merger agreement and to complete the merger and the related transactions;

the absence of conflicts with, or violations of, organizational documents, other contracts and applicable laws, in each case, as a result of entering into the merger agreement and completing the merger;

required consents and approvals of any governmental entity or third party;

reports and other documents required to be filed with the SEC, the NYSE and other governmental entities, and the absence of governmental proceedings (pending or threatened);

financial statements and internal controls and disclosure controls and procedures;

the absence of undisclosed liabilities;

the absence of certain changes or events from June 30, 2010 to the date of the merger agreement, including any material adverse effect (see Definition of Material Adverse Effect below);

owned and leased properties and assets;

matters with respect to material contracts, including the absence of breaches thereof;

permits and compliance with applicable laws;

the absence of material legal proceedings (pending or threatened) and orders;

employment and labor matters, including matters relating to employee benefit plans, collective bargaining agreements and labor controversies;

tax matters;

intellectual property matters;

environmental matters;

no approvals under state takeover and anti-takeover statutes and regulations;

matters with respect to the vessels owned, leased or chartered;

compliance with the Jones Act;

insurance matters;

dealings with customers;

the absence of certain interested party transactions;

compliance with anti-corruption laws, antiboycott laws and export and sanctions laws;

receipt of a fairness opinion from Stifel Nicolaus, financial advisor to the K-Sea Conflicts Committee in connection with the merger, and fees payable to financial advisors in connection with the merger;

the absence of discussions or negotiations with any other third party relating to an alternative transaction; and

the accuracy of information supplied by the K-Sea Parties or their representatives for inclusion in this proxy statement/prospectus and the registration statement on Form S-4 of which it forms a part.

The Kirby Parties also made a number of representations and warranties to the K-Sea Parties in the merger agreement, including representations and warranties relating to the following matters:

organization, valid existence, good standing and qualification to do business;

organizational and governing documents;

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capitalization;

authority to enter into the merger agreement and to complete the merger and the related transactions;

the absence of conflicts with, or violations of, organizational documents, other contracts and applicable laws, in each case, as a result of entering into the merger agreement and completing the merger;

required consents and approvals of any governmental entity or third party;

reports and other documents required to be filed with the SEC;

financial statements and internal controls;

the absence of undisclosed liabilities;

the absence of any change, event or occurrence from December 31, 2010 to the date of the merger agreement that has had, or would, individually or in the aggregate, reasonably be expected to have, a material adverse effect on Kirby (see Definition of Material Adverse Effect below);

compliance with applicable laws;

the absence of material legal proceedings (pending or threatened) and orders;

environmental matters;

matters with respect to the vessels owned, leased or chartered;

compliance with the Jones Act;

fees payable to financial advisors in connection with the merger;

the accuracy of information supplied by the Kirby Parties for inclusion in this proxy statement/prospectus and the registration statement on Form S-4 of which it forms a part;

availability of funds required for completion of the merger and the other transactions contemplated by the merger agreement; and

tax matters.

Definition of Material Adverse Effect

Many of the representations and warranties of the K-Sea Parties and the Kirby Parties are qualified by a material adverse effect standard. For the purposes of the merger agreement, material adverse effect, with respect to either party, is defined to mean any change, event, violation, development, circumstance, effect or other matter that, individually or in the aggregate, has or could reasonably be expected to have, a material adverse effect on the business, condition, capitalization, assets, liabilities, operations or financial performance of either party and its subsidiaries taken as a whole. However, no such change, event, violation, development, circumstance, effect or other matter will be a material adverse effect on either Kirby or K-Sea, as the case may be, to the extent it results from the following:

changes in conditions in the United States or global economy that do not have a materially disproportionate impact on such party or its subsidiaries relative to other companies in the same industry;

changes in GAAP or other accounting standards, or authoritative interpretations thereof after the date of the merger agreement, which do not have a materially disproportionate impact on such party;

the occurrence of natural disasters of any type, including, without limitation, earthquakes and tsunamis, but excluding hurricanes;

the announcement or pendency of the merger agreement and the transactions contemplated by the merger agreement;

the existence or occurrence of war, acts of war, terrorism or similar hostilities; and

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a decrease in the market price of Kirby common stock or K-Sea common units, as the case may be, provided that any change or effect underlying such a decrease will still be taken into account in determining whether there has been a material adverse effect.

A material adverse effect will be deemed to have occurred if (a) the Jones Act is repealed or (b) there occurs a suspension or debarment rendering either party or any subsidiary of either party ineligible to enter into contracts with the federal government or as a subcontractor to the federal government.

Conduct of Business Pending the Merger

K-Sea

The K-Sea Parties have agreed that, until the earlier of the termination of the merger agreement or the effective time of the merger, except as expressly contemplated or permitted by the merger agreement or consented to in writing by Kirby, which consent is not to be unreasonably withheld, delayed or conditioned, the K-Sea Parties will, and will cause the K-Sea subsidiaries to, (a) conduct their business in the ordinary course of business consistent with past practice and in compliance with all applicable laws, (b) use their reasonable best efforts to maintain and preserve their business organizations and relationships, retain the services of their officers and employees, and maintain their rights and permits, and (c) not take any action that would reasonably be expected to adversely affect or delay the ability of the parties to (i) obtain any necessary governmental approval with respect to the transactions contemplated by the merger agreement or (ii) perform their covenants and agreements under the merger agreement or to consummate the transactions contemplated by the merger agreement.

The K-Sea Parties have further agreed that, until the earlier of the termination of the merger agreement or the effective time of the merger, with certain exceptions and except as expressly contemplated by the merger agreement or consented to in writing by Kirby, which consent is not to be unreasonably withheld, delayed or conditioned, the K-Sea Parties will not, and will not permit any of the K-Sea subsidiaries to, take any of the following actions:

amend or rescind their governing or organizational documents;

make, declare, set aside or pay dividends or distributions on or with respect to any of their equity interests, other than (i) dividends or distributions by any wholly owned subsidiary of K-Sea to K-Sea or to another wholly owned subsidiary of K-Sea, and (ii) the payment in cash of a quarterly distribution to the holders of K-Sea preferred units in lieu of pay-in-kind distributions;

split, combine or reclassify, or repurchase, redeem or otherwise acquire, any of their equity interests, including any rights, warrants or options;

grant any equity-based awards with respect to the K-Sea units, or grant any person or entity any right to acquire any equity interest in any of the K-Sea Parties or any of their subsidiaries;

issue, deliver or sell or purchase, or propose the issuance, delivery, sale or purchase of, any equity interests, debt securities with voting rights or securities convertible into equity interests, debt securities with voting rights or other securities (including rights, warrants and options);

sell, transfer, pledge, lease, license, mortgage, encumber or otherwise dispose of any material properties or assets, or cancel, release or assign any material amount of indebtedness or material claims against any person or entity;

incur any indebtedness for borrowed money or assume, guarantee, endorse or otherwise become responsible for the obligations of any third party (other than the K-Sea subsidiaries), except in the ordinary course of business consistent with past practice if such indebtedness would not result in the total indebtedness as of the closing date of K-Sea and the K-Sea subsidiaries to exceed $263,515,000 plus (i) certain capital expenditures since January 1, 2011 through the closing date of the merger and (ii) any borrowings made to collateralize letters of credit to secure release calls for protection and indemnity insurance;

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materially amend or modify any material contract (except in the ordinary course of business), violate any material contract in any material respect, or, except as required by law, create, renew or amend any contract or binding obligation which contains restrictions on the K-Sea Parties ability to conduct their businesses as currently conducted or to engage in any type of activity or business;

make any capital expenditures (other than drydocking capital expenditures), capital additions or capital improvements, except in the ordinary course of business consistent with past practice that do not exceed $3.0 million individually or $6.0 million in the aggregate;

except as required by existing contracts or employee benefit plans: (i) increase the compensation or benefits of any current or former director or officer of the K-Sea Parties or any K-Sea subsidiary (referred to herein as a Covered Employee); (ii) pay any amounts to any Covered Employee not required by any current plan or agreement other than base salary or reimbursement for expenses in the ordinary course of business; (iii) become a party to, establish, amend, commence participation in, make any adjustment to, terminate or commit itself to the adoption of any benefit plan; (iv) accelerate the vesting of any equity-based or other long-term incentive compensation under any benefit plan; (v) hire or terminate employees in the position of Vice President or above (other than termination for cause); (vi) take any action which could reasonably be expected to give rise to a claim of resignation for good reason in any employment agreement; or (vii) adopt, enter into or amend any collective bargaining agreement or other arrangement relating to a labor union or organized labor;

make or agree to make any acquisition or series of acquisitions which would be material, individually or in the aggregate, to K-Sea or the K-Sea subsidiaries (taken as a whole);

materially change any accounting methods or practice, except as required by law or regulation;

enter into any new line of business or change in any material respect their business as currently conducted;

transfer ownership, or grant any license or other right, with respect to any material intellectual property, other than grants of non-exclusive licenses pursuant to license agreements entered into in the ordinary course of business consistent with past practice;

make any material investment in any person or entity;

take any action to exempt any third party or any action taken by any third party from any takeover statute or similarly restrictive provisions of their organizational documents, or terminate, amend or waive any provisions of any confidentiality or standstill agreements in place with any third parties;

make any material change in their tax methods, principles or elections;

file or amend any tax return, make or change any tax election, or settle or compromise any tax liability, other than as required by law; or

propose, agree to take or make any commitment to take any of the above actions.

Kirby

Kirby has agreed that, until the earlier of the termination of the merger agreement or the effective time of the merger, except as expressly contemplated or permitted by the merger agreement or consented to in writing by K-Sea, which consent is not to be unreasonably withheld, delayed or conditioned, Kirby will, and will cause each of its subsidiaries to, (a) conduct their business in the ordinary course of business consistent with past practice and in compliance with all applicable laws, (b) use their reasonable best efforts to maintain and preserve their business organizations and relationships, retain the services of their officers and employees, and maintain their rights and permits, and (c) not take any action that would reasonably be expected to adversely affect or delay the ability of the parties to (i) obtain any necessary governmental approval with respect to the transactions contemplated by the merger agreement or (ii) perform their covenants and agreements under the merger agreement or to consummate the transactions contemplated by the merger agreement.

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Kirby has further agreed that, until the earlier of the termination of the merger agreement or the effective time of the merger, with certain exceptions and except as expressly contemplated by the merger agreement or consented to in writing by K-Sea, which consent is not to be unreasonably withheld, delayed or conditioned, Kirby will not, and will not permit any of its subsidiaries to, take any of the following actions:

- amend or rescind their governing or organizational documents in a manner that adversely affects the terms of the Kirby common stock;
- make, declare, set aside or pay dividends or distributions on or with respect to any of their equity interests (other than dividends or distributions by any wholly owned subsidiary of Kirby to Kirby or to another wholly owned subsidiary of Kirby);
- split, combine or reclassify, or repurchase, redeem or otherwise acquire, any of their equity interests, including any rights, warrants or options, other than the repurchase of no more than 1,685,725 shares of Kirby common stock;
- materially change any accounting methods or practice, except as required by law or regulation;
- adopt or enter into a plan of complete or partial liquidation or dissolution;
- make any material change in their tax methods, principles or elections; or
- propose, agree to take or make any commitment to take any of the above actions.

Agreement to Use Reasonable Best Efforts

Subject to the terms and conditions set forth in the merger agreement, Kirby and the K-Sea Parties have agreed to, and to cause their respective subsidiaries to, use their reasonable best efforts to take, or cause to be taken, all actions and do, or cause to be done, and to assist and cooperate with the other party in doing, all things necessary, proper or advisable to consummate the merger and the transactions contemplated by the merger agreement as soon as practicable, including:

- satisfying the conditions precedent to the obligations of the K-Sea Parties (in the case of Kirby) or Kirby and Merger Sub (in the case of the K-Sea Parties) to the merger;
- obtaining all necessary consents or waivers from third parties;
- (i) obtaining all necessary actions or no-actions, expirations or terminations of waiting periods under the HSR Act or other antitrust laws, waivers, consents, authorizations, permits, orders and approvals from, or exemptions by, any governmental entity and (ii) taking all commercially reasonable steps as may be necessary to obtain expirations or terminations of waiting periods under the HSR Act or other antitrust laws, an approval or waiver from, or to avoid an action or proceeding by any governmental entity; and
- executing and delivering any additional instruments necessary to consummate the merger and to fully carry out the purposes of the merger agreement.

Other Covenants and Agreements

The K-Sea Parties have agreed to take all action in accordance with applicable laws and their organizational and governing documents to call, give notice of and hold the special meeting as soon as reasonably practicable following the date of the merger agreement and following the date the registration statement on Form S-4 (of which this proxy statement/prospectus forms a part) is declared effective for the purpose of obtaining approval of the merger and the merger agreement by the holders of the K-Sea common and preferred units. Unless the merger agreement is terminated prior to such special meeting, K-Sea is required to call, give notice of and hold the special meeting and hold a vote of the common and preferred unitholders on the approval of the merger and the merger agreement, irrespective of whether the K-Sea Board of Directors has changed its recommendation of the merger (as described more fully below in the section titled

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No Solicitation of Offers by K-Sea) or the commencement, disclosure, announcement or submission to any K-Sea Party or K-Sea subsidiary of any acquisition proposal (whether or not a superior proposal).

The merger agreement contains additional agreements between the parties relating to the following matters, among other things:

- cooperating with each other in connection with any filing or submission with respect to obtaining any regulatory approval;
- keeping the other party reasonably informed of any communication received from, or given by such party to, the FTC, the DOJ or any other governmental entity and of any communication received or given in connection with any proceeding by a private party, in each case regarding the transactions contemplated by the merger agreement;
- the preparation, filing, distribution and effectiveness of this proxy statement/prospectus;
- providing access to information with respect to the other party, subject to the terms of any confidentiality agreements;
- making certain public announcements regarding the terms of the merger agreement or the transactions contemplated thereby;
- the administration and participation of the parties in any equity holder litigation relating to the transactions contemplated by the merger agreement;
- taking such actions to render state takeover laws to be inapplicable to the merger and the other transactions contemplated by the merger agreement;
- providing notice to the other party of the occurrence or nonoccurrence of any event which may affect the satisfaction of any condition to the merger agreement;
- resignation of the officers of K-Sea and its subsidiaries (if such resignations are requested by Kirby);
- compliance with the rules of the NYSE by K-Sea and the listing on the NYSE of the shares of Kirby common stock to be issued as consideration in connection with the merger;
- tax matters;
- causing to be delivered comfort letters and certain consents of auditors; and
- employee matters.

The merger agreement also provides that, following the effective time of the merger, Kirby and K-Sea, as the surviving entity in the merger, are required to indemnify the directors and officers of the K-Sea Parties and the K-Sea subsidiaries to the fullest extent permitted by law against any losses, damages, fines, penalties, expenses (including attorneys fees and expenses) or liabilities resulting from any claim, liability, loss, damage, cost or expense, occurring at or prior to the effective time of the merger, based on the fact that such director or officer is or was a director, officer, employee, fiduciary or other agent of K-Sea or any K-Sea subsidiary, and arising out of actions or omissions or alleged actions or omissions in such capacity occurring at or prior to the effective time of the merger (including in

connection with the merger agreement and the transactions contemplated thereby). K-Sea is also required to purchase, and K-Sea, as the surviving entity, is required to maintain, for a period of six years from the effective time of the merger, directors and officers liability insurance policies with respect to the directors and officers of the K-Sea Parties and the K-Sea subsidiaries who are currently covered by existing directors and officers liability insurance. However, Kirby will not be required to pay annual premiums in excess of 300% of the annual premium paid by K-Sea with respect to such policies.

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No Solicitation of Offers by K-Sea

Non-Solicitation Obligations

Under the terms of the merger agreement, and subject to certain exceptions summarized below, the K-Sea Parties have agreed that they will not, and each of the K-Sea Parties will cause the K-Sea subsidiaries and the K-Sea Parties and the K-Sea subsidiaries respective officers, partners, managers, directors and employees not to, and will use their reasonable best efforts to cause the K-Sea Parties and the K-Sea subsidiaries accountants, legal counsel, financial advisors and other representatives (such persons referred to herein as the K-Sea representatives) not to, directly or indirectly:

- solicit or initiate, or knowingly encourage any acquisition proposal (as defined below in this section) or any inquiries regarding the submission of any acquisition proposal;
- participate in any discussions or negotiations regarding, or furnish to any third party any confidential information with respect to or in connection with, or knowingly facilitate or otherwise cooperate with, any acquisition proposal or any inquiry that may reasonably be expected to lead to an acquisition proposal;
- enter into any agreement with respect to any acquisition proposal or approve or resolve to approve any acquisition proposal; or
- waive, terminate, modify or fail to enforce any provision of any standstill or similar obligation of any third party existing on the date of the merger agreement, except in accordance with the provisions of the merger agreement.

Upon the signing of the merger agreement, the K-Sea Parties agreed to, and to cause the K-Sea subsidiaries to, and to use their reasonable best efforts to cause the K-Sea representatives to, (i) immediately cease and cause to be terminated any existing discussions or negotiations with any third party conducted prior to the date of the merger agreement with respect to any acquisition proposal, (ii) request the prompt return or destruction of all confidential information previously furnished, and (iii) enforce the provisions of any confidentiality or standstill agreements in place with any third parties.

Exceptions to Non-Solicitation Obligations

If, however, prior to obtaining the approval of the merger and the merger agreement by K-Sea s common and preferred unitholders, K-Sea receives from a third party a bona fide written acquisition proposal made after the date of the agreement that was not solicited in violation of, and that did not result from a breach of, its non-solicitation obligations under the merger agreement, then K-Sea may, to the extent that such acquisition proposal is a superior proposal (as defined below in this section) or the K-Sea Board of Directors or the K-Sea Conflicts Committee determines in good faith (after consultation with its financial advisor and outside counsel) that such acquisition proposal is reasonably likely to constitute or lead to a superior proposal and the K-Sea Board of Directors determines in good faith (after consultation with its outside legal advisors) that the failure to take such action constitutes or is reasonably likely to constitute a violation of its fiduciary duties to K-Sea unitholders under applicable law:

- negotiate the terms of, and enter into, a confidentiality agreement with terms no less restrictive on such third party than the confidentiality agreement with Kirby;

furnish non-public information concerning its business, properties or assets to such third party pursuant to such confidentiality agreement (provided that the same information is made available to Kirby prior to or substantially concurrent with the time it is provided to such third party); and

negotiate and participate in negotiations or discussions with such third party concerning such acquisition proposal.

For purposes of this discussion, an acquisition proposal means any proposal or offer (including any proposal or offer from or to the K-Sea unitholders), whether in writing or otherwise, from a third party related to a merger, reorganization, unit exchange, consolidation, business combination, recapitalization, liquidation,

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dissolution or similar transaction involving any of the K-Sea Parties or any K-Sea subsidiary that is a significant subsidiary, or any purchase, sale or other transfer of 20% or more of the consolidated assets (including stock or equity interests of any K-Sea subsidiary) of the K-Sea Parties and the K-Sea subsidiaries, or any purchase or sale of, or tender or exchange offer for, or other transfer of, their respective equity securities that, if consummated, would result in any person or entity (or the equity holders of such person or entity) beneficially owning securities representing 20% or more of the total voting power of any of the K-Sea Parties, or any portion of the general partner interest in K-Sea (or 20% or more of the surviving parent entity in such transaction), other than the merger with Kirby, whether pursuant to a single transaction or a series of related transactions.

For purposes of this discussion, a superior proposal means any bona fide, written proposal by a third party that, if consummated, would result in such third party (or its equity holders) owning, directly or indirectly, all of the K-Sea common units, preferred units and general partner units then outstanding (or of the shares, interests or units of the surviving entity in a merger or the direct or indirect parent of the surviving entity in a merger) or all or substantially all of the consolidated assets of K-Sea and its subsidiaries, (i) which the K-Sea Board of Directors and the K-Sea Conflicts Committee both determine in good faith (after consultation with its outside legal and financial advisors) to be more favorable to K-Sea and its unitholders from a financial point of view than the transactions contemplated by the merger agreement (after giving effect to any changes to the financial terms of the merger agreement proposed by Kirby in response to such offer or otherwise), and (ii) which is not subject to a financing condition, and which, in the good faith judgment of K-Sea Board of Directors and the K-Sea Conflicts Committee, is otherwise reasonably likely to be consummated on the terms set forth in the proposal, taking into consideration (with respect to both clauses (i) and (ii)) all financial, regulatory, legal, timing and other aspects of such proposal (including any break-up fee and conditions to consummation).

Ability to Accept a Superior Proposal or Effect a Change in Recommendation

In addition to the restrictions set forth above, K-Sea, K-Sea GP, K-Sea Management GP and the K-Sea Board of Directors (and the committees thereof, including the K-Sea Conflicts Committee) are generally prohibited from (i) withdrawing or modifying, or making or causing to be made any public statement proposing or announcing an intention to withdraw or modify in a manner adverse to Kirby or Merger Sub, the recommendation of the K-Sea Board of Directors in support of the merger and the merger agreement (any such action is referred to in this proxy statement/prospectus as a change in recommendation), (ii) withdrawing or modifying K-Sea GP s approval of the merger agreement and the merger, or (iii) approving, adopting or recommending, or publicly proposing to approve, adopt or recommend, or allowing K-Sea GP, K-Sea or any K-Sea subsidiary to execute or enter into, any letter of intent, memorandum of understanding, agreement in principle, joint venture agreement, acquisition or merger agreement or other similar agreement constituting an acquisition proposal (other than an acceptable confidentiality agreement). Notwithstanding the foregoing, the K-Sea Board of Directors (including the K-Sea Conflicts Committee) may, at any time prior to obtaining the approval of the merger and the merger agreement by the K-Sea common and preferred unitholders, and subject to compliance with the procedural requirements described below, effect a change in recommendation in response to:

- a bona fide written acquisition proposal made after the date of the merger agreement that the K-Sea Board of Directors (or the K-Sea Conflicts Committee, as applicable) reasonably determines in good faith (after consultation with its outside legal and financial advisors) constitutes a superior proposal and that was not solicited in violation of the non-solicitation covenants in the merger agreement; or

- an intervening event (as defined below in this section);

if, in the case of any such change in recommendation, the K-Sea Board of Directors (or the K-Sea Conflicts Committee, as applicable) has determined in good faith, after consultation with outside counsel, that, in light of such

superior proposal or intervening event, the failure to take such action constitutes or is reasonably likely to constitute a violation of its fiduciary duties to the K-Sea unitholders under applicable law.

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Prior to making any change in recommendation or terminating the merger agreement to enter into an agreement with respect to a superior proposal, K-Sea must:

provide Kirby with three business days prior written notice advising Kirby that the K-Sea Board of Directors is prepared to take such action and specifying its reasons for doing so;

with respect to an acquisition proposal that the K-Sea Board of Directors deems to be a superior proposal, (i) make available to Kirby all material information concerning its business, properties or assets delivered or made available to the third party, and (ii) provide a description of the material terms and conditions of such acquisition proposal, the proposed financing for such acquisition proposal, and the identity of the third person making such acquisition proposal;

with respect to an intervening event, provide to Kirby written information describing such intervening event in reasonable detail; and

if requested by Kirby during the three business day period, (i) provide Kirby with an opportunity to propose amendments to the merger agreement such that the acquisition proposal would no longer constitute a superior proposal or the intervening event would no longer constitute an intervening event, and (ii) negotiate, and use its reasonable best efforts to cause the K-Sea representatives to negotiate, in good faith with Kirby and its representatives regarding any such amendments to the merger agreement.

If, after the three business day period has expired, the K-Sea Board of Directors has reasonably concluded in good faith (after consultation with its outside legal and financial advisors) that the acquisition proposal still constitutes a superior proposal, or the K-Sea Board of Directors has determined that the event or circumstance that the K-Sea Board of Directors determined to be an intervening event still constitutes an intervening event, as applicable, then the K-Sea Board of Directors may effect a change in recommendation or, solely in the case of the existence of a superior proposal, terminate the merger agreement and enter into an agreement with respect to such superior proposal, provided that K-Sea pays the termination fee described below in the section Termination Fees and Expenses.

For the purposes of this discussion, the term intervening event means an event or circumstance that was not known to the K-Sea Board of Directors (or the K-Sea Conflicts Committee, as applicable) as of the date of the merger agreement (or if known, the material consequences of which were not known to or understood by the K-Sea Board of Directors (or the K-Sea Conflicts Committee, as applicable) as of the date of the merger agreement), which event or circumstance, or any material consequences thereof, becomes known to or understood by K-Sea Board of Directors (or the K-Sea Conflicts Committee, as applicable) prior to the approval of the merger and the merger agreement by K-Sea s common and preferred unitholders and which causes the K-Sea Board of Directors (or the K-Sea Conflicts Committee, as applicable) to conclude in good faith, after consultation with its financial advisor and outside counsel, that a failure to make a change in recommendation constitutes or would be reasonably likely to constitute a violation of its fiduciary duties to the K-Sea unitholders under applicable law, provided that neither of the following constitute an intervening event: (i) the receipt, existence or terms of an acquisition proposal or any matter relating thereto or consequence thereof, or (ii) any change in, or event or condition generally affecting, the industry in which K-Sea and its subsidiaries operate.

Conditions to the Merger

The obligations of each of Kirby and Merger Sub, on one hand, and the K-Sea Parties, on the other hand, to complete the merger are subject to the satisfaction (or waiver) of the following conditions:

the merger agreement having been approved by the required vote of the holders of K-Sea common and preferred units;

the absence of any temporary restraining order, preliminary or permanent injunction, or other order or legal restraint or prohibition, or law enacted, preventing the completion of the merger;

the expiration or termination of the applicable waiting period under the HSR Act, or any applicable waiting period under any other antitrust law, and any required approvals or consents from governmental

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entities having been obtained, other than any such approvals or consents the failure of which to obtain would not, individually or in the aggregate, reasonably be expected to have a material adverse effect;

the effectiveness of the registration statement on Form S-4 (of which this proxy statement/prospectus forms a part) and no stop order or pending or threatened proceeding seeking a stop order;

the representations and warranties of the other party being true and correct, subject to certain materiality thresholds, as of the date of the merger agreement and as of the closing of the merger;

the other party having performed or complied with, in all material respects, all of the obligations, covenants and agreements required to be performed or complied with by it under the merger agreement at or prior to the closing date of the merger; and

the approval of listing on the NYSE of the shares of Kirby common stock deliverable to K-Sea unitholders as consideration in the merger, subject to official notice of issuance.

In addition, Kirby s and Merger Sub s obligations to complete the merger are further subject to the satisfaction (or waiver) of the following conditions:

Kirby being satisfied in its reasonable discretion with the organizational classification of the K-Sea Parties for U.S. federal income tax purposes; and

delivery by K-Sea GP of a certificate certifying that the transactions contemplated by the merger agreement are exempt from withholding pursuant to Section 1445 of the Internal Revenue Code of 1986, as amended.

The merger agreement does not contain any condition to the closing of the merger relating to Kirby s ability to obtain financing for the transaction.

Neither Kirby nor K-Sea can give any assurance that all of the conditions to the merger will either be satisfied or waived or that the merger will occur.

Closing; Effective Time

Under the terms of the merger agreement, the closing of the merger will occur on a date to be specified by the parties, which in no event may be later than the third business day following the satisfaction or waiver of the conditions to closing. The merger will be effective at the time the certificate of merger is filed with the Secretary of State of the State of Delaware or at such other time as the parties may designate.

Termination of the Merger Agreement

The merger agreement may be terminated at any time prior to the completion of the merger, whether before or after unitholder approval has been obtained, by mutual consent of Kirby and K-Sea. The merger agreement may also be terminated, whether before or after unitholder approval has been obtained, by either Kirby or K-Sea if:

any injunction or restraint preventing the merger is final and non-appealable and the party seeking to terminate used its required efforts to prevent such final, non-appealable order; or

the merger does not close by September 30, 2011 (or November 29, 2011, if the applicable waiting period under the HSR Act or other antitrust law has not expired, or the required approvals under any antitrust law

have not been obtained), such date referred to herein as the outside date, unless the party seeking to terminate has breached the merger agreement and such breach caused the failure of the closing to occur by such time.

Kirby may also terminate the merger agreement if:

a K-Sea Party has breached or failed to perform any of its representations, warranties, covenants or agreements, such that the applicable conditions to completion of the merger related to such

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representations, warranties, covenants and agreements of the K-Sea Parties are not capable of being satisfied on or prior to the outside date;

the K-Sea common or preferred unitholders do not approve the merger at a duly held meeting called for such purposes;

the K-Sea Board of Directors or any committee thereof, including the K-Sea Conflicts Committee, withdraws or modifies its recommendation of the merger in a manner adverse to Kirby or Merger Sub, K-Sea fails to include the K-Sea Board of Directors recommendation of the merger and related matters in this proxy statement/prospectus or any of the K-Sea Parties (or any of their representatives) materially breach their non-solicitation obligations;

a material adverse effect with respect to K-Sea occurs; or

a permanent injunction, order or other legal restraint or prohibition has occurred that (i) would require or permit any K-Sea Party or any representative of any K-Sea Party to act or fail to act in a manner that would, in the absence of such injunction, order, restraint or prohibition, constitute a material violation of their obligation not to solicit, initiate or knowingly encourage an acquisition proposal, or (ii) reduces or otherwise limits Kirby s rights in any material respect with regard to the non-solicitation obligations set forth in the merger agreement or the payment by K-Sea of any termination fee or transaction expenses of Kirby.

K-Sea may also terminate the merger agreement:

if Kirby has breached or failed to perform any of its representations, warranties, covenants or agreements, such that the applicable conditions to completion of the merger related to such representations, warranties, covenants and agreements of Kirby are not capable of being satisfied on or prior to the outside date;

prior to obtaining the approval of the K-Sea common and preferred unitholders, to enter into an agreement relating to a superior proposal (as defined in the section of this proxy statement/prospectus titled The Merger Agreement No Solicitation of Offers by K-Sea on page 92) in accordance with the provisions of the merger agreement related to non-solicitation, provided that K-Sea has not breached the non-solicitation obligations set forth in the merger agreement and K-Sea has paid all applicable termination fees and expenses to Kirby; or

a material adverse effect with respect to Kirby occurs.

Termination Fees and Expenses

K-Sea has agreed to pay up to $3.0 million of Kirby s fees and expenses paid or incurred in connection with the preparation and negotiation of the merger agreement, the support agreements or any of the other transactions contemplated thereby, if the merger agreement is terminated under any of the following circumstances:

by Kirby due to a K-Sea Party breaching or failing to perform any of its representations, warranties, covenants or agreements such that the applicable conditions to completion of the merger related to such representations, warranties, covenants and agreements of the K-Sea Parties are not capable of being satisfied on or prior to the outside date;

by Kirby due to the K-Sea common or preferred unitholders failing to approve the merger at a duly held meeting called for such purposes;

by Kirby due to the K-Sea Board of Directors or any committee thereof, including the K-Sea Conflicts Committee, withdrawing or modifying its recommendation of the merger in a manner adverse to Kirby or Merger Sub, K-Sea failing to include the K-Sea Board of Directors recommendation of the merger and related matters in this proxy statement/prospectus or any of the K-Sea Parties (or any of their representatives) materially breaching their non-solicitation obligations;

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by Kirby due to a permanent injunction, order or other legal restraint or prohibition occurring that (i) would require or permit any K-Sea Party or any representative of any K-Sea Party to act or fail to act in a manner that would, in the absence of such injunction, order, restraint or prohibition, constitute a material violation of their obligation not to solicit, initiate or knowingly encourage an acquisition proposal, or (ii) reduces or otherwise limits Kirby s rights in any material respect with regard to the non-solicitation obligations set forth in the merger agreement or the payment by K-Sea of any termination fee or transaction expenses of Kirby; or

by K-Sea to enter into an agreement relating to a superior proposal prior to obtaining the approval of the K-Sea common and preferred unitholders.

In addition to any payment to Kirby for its fees and expenses, K-Sea has agreed to pay Kirby a termination fee of $12.0 million if:

Kirby terminates the merger agreement because (i) the merger has not occurred by the outside date, (ii) a K-Sea Party has breached or failed to perform any of its representations, warranties, covenants or agreements, such that the applicable conditions to completion of the merger related to such representations, warranties, covenants and agreements of the K-Sea Parties are not capable of being satisfied on or prior to the outside date, or (iii) the K-Sea common or preferred unitholders have failed to approve the merger at a duly held meeting called for such purpose, and (A) at or prior to the time of the termination, an acquisition proposal has been disclosed, announced, commenced, submitted or made and not withdrawn prior to termination, and (B) within twelve months after the date of such termination, any acquisition proposal is consummated or a definitive agreement contemplating an acquisition proposal is executed that is subsequently consummated (such termination fee to be paid at the time such acquisition proposal is consummated); or

(i) Kirby terminates the merger agreement because the K-Sea Board of Directors or any committee thereof (including the K-Sea Conflicts Committee) withdraws or modifies its recommendation of the merger in a manner adverse to Kirby or Merger Sub, K-Sea fails to include the K-Sea Board of Directors recommendation of the merger and related matters in this proxy statement/prospectus or any of the K-Sea Parties (or any of their representatives) materially breaches their non-solicitation obligations, or (ii) K-Sea terminates the merger agreement prior to obtaining the approval of the K-Sea common and preferred unitholders to enter into an agreement relating to a superior proposal in accordance with the provisions of the merger agreement related to non-solicitation, with such termination fee to be paid within two business days of such termination.

Amendment and Waiver

The parties may amend the merger agreement at any time before completion of the merger, except that after approval of the merger agreement by K-Sea s common and preferred unitholders, no amendment or waiver may be made which by law or the listing requirements of the NYSE requires further approval by K-Sea s common or preferred unitholders, unless K-Sea obtains such further approval. All amendments to the merger agreement must be in writing and signed by each party to the merger agreement, and in the case of a waiver, signed by each party against whom the waiver is to be effective.

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DESCRIPTION OF KIRBY CAPITAL STOCK

The following discussion is a summary of the terms of the capital stock of Kirby and should be read in conjunction with the section titled Comparison of Rights of Kirby Stockholders and K-Sea Unitholders beginning on page 102 of this proxy statement/prospectus. This summary is not meant to be complete and is qualified in its entirety by reference to the General Corporation Law of Nevada (which is referred to in this proxy statement/prospectus as the NGCL) and to the articles of incorporation and bylaws of Kirby (which, as amended, are respectively referred to in this proxy statement/prospectus as Kirby s articles of incorporation and Kirby s bylaws). You are urged to read those documents carefully. Copies of Kirby s articles of incorporation and bylaws are incorporated by reference in this proxy statement/prospectus. See the section titled Where You Can Find More Information beginning on page 120 of this proxy statement/prospectus.

Kirby s authorized capital stock consists of 120,000,000 shares of common stock, par value $0.10 per share, and 20,000,000 shares of preferred stock, par value $1.00 per share. As of April 28, 2011, there were 53,682,434 shares of common stock outstanding, which were held of record by 822 stockholders, and no shares of preferred stock outstanding. As of April 28, 2011, there were 3,654,515 shares of common stock held by Kirby in treasury and 2,389,481 shares of common stock reserved for issuance under Kirby s equity compensation plans.

Voting Rights; Quorum

Pursuant to Kirby s articles of incorporation, each holder of Kirby common stock is entitled to one vote for each share of common stock held of record on all matters on which Kirby stockholders are entitled to vote. Pursuant to Kirby s bylaws, a majority of the voting power of Kirby present in person or represented by proxy constitutes a quorum at all meetings of the stockholders for the transaction of business, except as otherwise provided by the NGCL or Kirby s articles of incorporation. Except in a contested election of directors or as otherwise provided by the NGCL or Kirby s articles of incorporation or bylaws, when a quorum is present or represented at a meeting, the vote of holders of stock (present in person or by proxy) of a majority of shares having voting power will decide any question brought before the meeting, unless the question is one upon which by express provision of the NGCL, or Kirby s articles of incorporation or bylaws, a different vote is required, in which case such express provision controls and governs the decision in question.

In an uncontested election of directors, directors are elected by a majority of the votes cast with respect to each director s election. In a contested election of directors, directors are elected by a plurality of votes cast. Kirby stockholders are not entitled to cumulative voting of their shares in elections of directors.

Dividends

Holders of Kirby common stock are entitled to receive dividends when and as declared by the Kirby board of directors from funds legally available therefor, subject to Kirby s articles of incorporation, the applicable provisions of law and the rights of holders of any class or series of stock having a preference as to dividends over the common stock. The declaration and payment of dividends on shares of Kirby common stock and the amount thereof are at all times solely in the discretion of Kirby s board of directors.

Preemptive Rights

No holder of any shares of any class or series of capital stock of Kirby has any preemptive right to subscribe for, purchase or otherwise acquire shares of any class or series of capital stock of Kirby.

Anti-Takeover Provisions

The provisions of Nevada law and Kirby s articles of incorporation and bylaws that are summarized below may have an anti-takeover effect and may delay, defer or prevent a tender offer or takeover attempt that a Kirby stockholder might consider in his or her best interest, including those attempts that might result in a premium over the market price for the common stock.

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Staggered Board of Directors

Under Kirby s bylaws, its board of directors is divided into three classes that are elected for staggered three-year terms. The classification of the board of directors has the effect of requiring at least two annual stockholder meetings, instead of one, to effect a change in control of the board of directors. Pursuant to the NGCL, the affirmative vote of the holders of two-thirds or more of the voting power of shares entitled to vote in the election of directors is required to remove a director.

Liability of Kirby s Directors and Officers

Pursuant to Kirby s articles of incorporation, directors and officers will not be individually liable to Kirby or its stockholders for breach of fiduciary duty as a director or officer for any act or omission, unless such act or omission involved intentional misconduct, fraud or a knowing violation of law or payment of dividends in violation of Nevada law. This provision does not affect a director s responsibilities under any other laws, such as the federal securities laws, state laws or federal environmental laws.

Director Nominations

Kirby s stockholders may nominate candidates for the board of directors if such stockholders comply with the advance notice provisions described in Kirby s bylaws. Generally, these advance notice provisions require that (a) stockholders submit the nomination at least 90 days, but not more than 120 days, prior to the anniversary of the preceding year s annual meeting, and (b) such nomination be accompanied by the proper written notice. The written notice must, among other things, (i) include certain information with respect to the stockholder making such nomination and certain representations by such stockholder, (ii) include certain information with respect to the individual being nominated, and (iii) comply with additional procedural requirements. No person will be eligible for election as a director of Kirby unless nominated by a stockholder or stockholders of Kirby in accordance with the advance notice requirements or by the directors of Kirby in accordance with Kirby s bylaws.

Business Proposals

Kirby s stockholders can propose business to be acted upon at an annual meeting of stockholders if such stockholders comply with the advance notice provisions described in Kirby s bylaws. Generally, these advance notice provisions require that (a) stockholders submit notice of the business proposal at least 90 days, but not more than 120 days, prior to the anniversary of the preceding year s annual meeting, and (b) such proposal be accompanied by the proper written notice. The notice must, among other things, (i) include certain information with respect to the stockholder making such business proposal, (ii) include certain information with respect to the business proposal, and (iii) comply with additional procedural requirements. If the chairman of an annual meeting determines that a business proposal was not properly brought before the annual meeting in accordance with the advance notice requirements, such business will not be transacted.

Nevada Anti-Takeover Statutes

Kirby is subject to provisions of Nevada law that provide that an acquiring person (as defined below) who acquires a controlling interest (as defined below) in a corporation may not exercise voting rights on any control shares (as defined below) unless these voting rights to the control shares are approved by the holders of a majority of the voting power of the corporation, and, if the acquisition would adversely affect, alter or change any preference or any relative or other right given to any other class or series of outstanding shares, the holders of a majority of each class or series affected, excluding those shares as to which any interested stockholder exercises voting rights. If the acquiring person is accorded full voting rights and acquires control shares with at least a majority of all the voting power, any of Kirby s

stockholders who did not vote in favor of authorizing voting rights for the control shares are entitled to payment for the fair value of his or her shares.

An acquiring person is, subject to certain exceptions, any person who, individually or in association with others, acquires or offers to acquire, directly or indirectly, a controlling interest in an issuing corporation.

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A controlling interest is an interest that is sufficient to enable the acquiring person to exercise voting power in an election of directors that is (1) at least one-fifth but not more than one-third of the voting power, (2) at least one-third but not more than a majority of the voting power, or (3) a majority of the voting power.

Control shares are outstanding voting shares that a person, together with persons acting in association with such person (1) acquires or offers to acquire in an acquisition of a controlling interest, and (2) acquired during the 90-day period before such person acquired or offered to acquire a controlling interest.

The above provisions do not apply if the articles of incorporation or bylaws of the issuing corporation in effect on the tenth day following the acquisition of a controlling interest by an acquiring person exempt the corporation from these provisions. Neither Kirby s articles of incorporation nor Kirby s bylaws currently exempt Kirby from these provisions.

In addition, Nevada law restricts Kirby s ability to engage in any combination (as defined below) with an interested stockholder (as defined below) for a period of three years following the time that the stockholder became an interested stockholder, unless the combination or the transaction by which the stockholder became interested is approved by Kirby s board of directors prior to the time the stockholder became interested. If the combination was not previously approved, the interested stockholder may only undertake a combination after such three-year period if:

- the combination was approved by Kirby s board of directors prior to the date on which the person became an interested stockholder;
- the transaction by which the stockholder became an interested stockholder was approved by Kirby s board of directors before the person became an interested stockholder;
- the combination is approved by the affirmative vote of holders of Kirby stock representing a majority of the voting power not beneficially owned by the interested stockholder or any affiliate or associate of the interested stockholder at a meeting held not earlier than three years after the person became an interested stockholder; or
- the combination meets the criteria of the NGCL statutes mandating fair price requirements.

A combination generally includes mergers, consolidations, reclassifications, recapitalizations, asset dispositions, sales, leases and stock issuances involving or proposed by an interested stockholder, the adoption of any plan of liquidation or dissolution proposed by an interested stockholder, and the receipt by the interested stockholder of the benefit of any loans, advances, guarantees, pledges or other financial benefits provided by or through the corporation.

An interested stockholder is a person who is the beneficial owner of 10% or more of the corporation s voting shares or who is an affiliate or associate of the corporation and, at any time within the three-year period prior to the date in question, was the beneficial owner of 10% or more of the corporation s voting shares.

These provisions are intended to enhance the likelihood of continuity and stability in the composition of Kirby s board of directors and in the policies formulated by Kirby s board of directors and to discourage some types of transactions that may involve an actual or threatened change of control of Kirby. These provisions are also designed to reduce Kirby s vulnerability to an unsolicited proposal for a takeover that does not contemplate the acquisition of all of Kirby s outstanding shares or an unsolicited proposal for the potential restructuring or sale of all or a part of Kirby. However, these provisions could discourage potential acquisition proposals and could delay or prevent a change in control of Kirby. They may also have the effect of preventing changes in Kirby s management.

Other Provisions

Kirby s articles of incorporation and bylaws also provide that:

special meetings of stockholders may only be called by the chairman of the board of Kirby s board of directors, a majority of Kirby s board of directors or Kirby s president;

all vacancies on the board are filled by remaining directors for the remainder of that directorship s term, including vacancies occurring as a result of the removal of a director or an enlargement of the board;

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any amendment, repeal or rescission of Kirby s bylaws must be approved either (i) by the board of directors by the affirmative vote of at least a majority vote of the then authorized number of directors, or (ii) by the affirmative vote of at least two-thirds of the combined voting power of the then outstanding stock entitled to vote in the election of directors, voting together as a single class; and

Kirby s board of directors is authorized to increase or decrease the size of the board without stockholder approval.

Conversion Rights

The holders of Kirby common stock have no right to convert their shares of Kirby common stock into any other securities.

Liquidation Rights

Upon the dissolution, liquidation or winding up of Kirby, after creditors have been paid and after any preferential amounts to be distributed to the holders of any class or series of stock having a preference over the common stock then outstanding have been paid or declared and set apart for payment, the holders of Kirby common stock will be entitled to receive all the remaining assets of Kirby available for distribution ratably in proportion to the number of shares held.

No Redemption

Shares of Kirby common stock are not subject to redemption by Kirby.

Stock Exchange Listing

Kirby common stock is traded on the New York Stock Exchange under the symbol KEX.

No Sinking Fund

Shares of Kirby common stock have no sinking fund.

Transfer Agent

The transfer agent for the Kirby common stock is Computershare Trust Company, N.A.

Preferred Stock

Under Kirby s articles of incorporation, its board of directors has the authority, without stockholder approval, to create one or more classes or series within a class of preferred stock, to issue shares of preferred stock in such class or series up to the maximum number of shares of the relevant class or series of preferred stock authorized, and to determine the preferences, rights, privileges and restrictions of any such class or series, including, but not limited to, the dividend rights, voting rights, the rights and terms of redemption, the rights and terms of conversion, liquidation preferences, the number of shares constituting any such class or series and the designation of such class or series. Acting under this authority, the Kirby board of directors could create and issue a class or series of preferred stock with rights, privileges or restrictions, and adopt a stockholder rights plan, having the effect of discriminating against an existing or prospective holder of securities as a result of such stockholder beneficially owning or commencing a tender offer for a

substantial amount of Kirby common stock. One of the effects of authorized but unissued and unreserved shares of capital stock may be to render more difficult or discourage an attempt by a potential acquirer to obtain control of Kirby by means of a merger, tender offer, proxy contest or otherwise, and thereby protect the continuity of Kirby s management. The issuance of such shares of capital stock may have the effect of delaying, deferring or preventing a change in control of Kirby without any further action by the stockholders of Kirby.