

KIRBY CORPORATION

Reconciliation of GAAP to Non-GAAP Financial Measures

Kirby reports its financial results in accordance with generally accepted accounting principles (GAAP). However, Kirby believes that certain non-GAAP financial measures are useful in managing Kirby's businesses and evaluating Kirby's performance. Two such non-GAAP financial measures are adjusted net earnings and EBITDA.

Adjusted net earnings and adjusted net earnings per share exclude non-recurring adjustments in order to present a measure of earnings that facilitates a comparison of results from one period to results from another period on a more consistent basis, since the non-recurring items are materially different in nature and amount from one period to another. The adjustments generally represent items that are outside normal business operations and are therefore difficult to predict for future periods.

EBITDA, which Kirby defines as net earnings before interest expense, taxes on income, depreciation and amortization, is used because of its wide acceptance as a measure of operating profitability before nonoperating expenses (interest and taxes) and noncash charges (depreciation and amortization). EBITDA is one of the performance measures used in Kirby's incentive bonus plan. EBITDA is also used by rating agencies in determining Kirby's credit rating and by analysts publishing research reports on Kirby, as well as by investors and investment bankers generally in valuing companies.

These non-GAAP financial measures are not a substitute for GAAP financial results and should only be considered in conjunction with Kirby's financial information that is presented in accordance with GAAP.

Quantitative reconciliations of adjusted net earnings to GAAP net earnings and of EBITDA to GAAP net earnings are provided in the following tables.

KIRBY CORPORATION

Reconciliation of GAAP Net Earnings and Earnings Per Share to Adjusted Non-GAAP

Net Earnings and Adjusted Earnings Per Share

For the years ended December 31,

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>
(In millions, except per share amounts)										
Net earnings from continuing operations, GAAP	\$ <u>123.3</u>	\$ <u>95.5</u>	\$ <u>68.8</u>	\$ <u>49.5</u>	\$ <u>40.9</u>	\$ <u>27.4</u>	\$ <u>39.6</u>	\$ <u>34.1</u>	\$ <u>21.4</u>	\$ <u>10.1</u>
Adjustments or charges, net of taxes:										
Impairment of assets	-	-	-	-	-	12.5	-	-	.7	5.4
Amortization of goodwill expense	-	-	-	-	-	-	6.3	5.9	1.7	.6
Loss on sale of Universal Insurance Company	-	-	-	-	-	-	-	-	-	6.9
Merger related charges	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>.1</u>	<u>2.9</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12.5</u>	<u>6.3</u>	<u>6.0</u>	<u>5.3</u>	<u>12.9</u>
Adjusted net earnings from continuing operations, Non-GAAP	\$ <u>123.3</u>	\$ <u>95.5</u>	\$ <u>68.8</u>	\$ <u>49.5</u>	\$ <u>40.9</u>	\$ <u>39.9</u>	\$ <u>45.9</u>	\$ <u>40.1</u>	\$ <u>26.7</u>	\$ <u>23.0</u>
Net earnings per share from continuing operations, GAAP	\$ <u>2.29</u>	\$ <u>1.79</u>	\$ <u>1.33</u>	\$ <u>.98</u>	\$ <u>.83</u>	\$ <u>.56</u>	\$ <u>.81</u>	\$ <u>.70</u>	\$ <u>.50</u>	\$ <u>.23</u>
Adjustments or charges per share, net of taxes	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>.26</u>	<u>.13</u>	<u>.12</u>	<u>.13</u>	<u>.29</u>
Adjusted net earnings per share from continuing operations, Non-GAAP	\$ <u>2.29</u>	\$ <u>1.79</u>	\$ <u>1.33</u>	\$ <u>.98</u>	\$ <u>.83</u>	\$ <u>.82</u>	\$ <u>.94</u>	\$ <u>.82</u>	\$ <u>.63</u>	\$ <u>.52</u>

KIRBY CORPORATION

Reconciliation of GAAP Net Earnings to Non-GAAP EBITDA

	For the years ended December 31,									
	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>
	(In millions)									
Net earnings from continuing operations, GAAP	\$ 123.3	\$ 95.5	\$ 68.8	\$ 49.5	\$ 40.9	\$ 27.4	\$ 39.6	\$ 34.1	\$ 21.4	\$ 10.1
Interest expense	20.3	15.2	12.8	13.3	14.6	13.7	19.0	23.9	12.8	11.9
Provision for taxes on income	76.5	58.7	42.3	30.4	25.1	18.0	27.5	23.7	14.0	6.9
Depreciation and amortization	<u>80.9</u>	<u>64.4</u>	<u>57.4</u>	<u>55.1</u>	<u>53.4</u>	<u>45.5</u>	<u>50.3</u>	<u>48.2</u>	<u>31.3</u>	<u>27.4</u>
 EBITDA from continuing operations, Non-GAAP	 <u>301.0</u>	 <u>233.8</u>	 <u>181.3</u>	 <u>148.3</u>	 <u>134.0</u>	 <u>104.6</u>	 <u>136.4</u>	 <u>129.9</u>	 <u>79.5</u>	 <u>56.3</u>
Adjustments or charges:										
Impairment of assets	-	-	-	-	-	18.9	-	-	1.1	8.3
Loss on sale of Universal Insurance Company	-	-	-	-	-	-	-	-	-	10.6
Merger related charges	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>.2</u>	<u>4.5</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18.9</u>	<u>-</u>	<u>.2</u>	<u>5.6</u>	<u>18.9</u>
 EBITDA from continuing operations, after adjustments, Non-GAAP	 <u>\$ 301.0</u>	 <u>\$ 233.8</u>	 <u>\$ 181.3</u>	 <u>\$ 148.3</u>	 <u>\$ 134.0</u>	 <u>\$ 123.5</u>	 <u>\$ 136.4</u>	 <u>\$ 130.1</u>	 <u>\$ 85.1</u>	 <u>\$ 75.2</u>

KIRBY CORPORATION

Reconciliation of GAAP Net Earnings to Non-GAAP EBITDA

	Three months ended				Six months ended	
	<u>March 31,</u>		<u>June 30,</u>		<u>June 30,</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Net earnings, GAAP	\$ 36.6	\$ 24.4	\$ 40.4	\$ 30.1	\$ 77.0	\$ 54.5
Interest expense	3.8	5.1	3.5	5.5	7.3	10.6
Provision for taxes on income	22.8	15.2	25.0	18.7	47.8	33.9
Depreciation and amortization	<u>22.3</u>	<u>19.6</u>	<u>22.4</u>	<u>20.3</u>	<u>44.7</u>	<u>39.9</u>
EBITDA, Non-GAAP	<u>\$ 85.5</u>	<u>\$ 64.3</u>	<u>\$ 91.3</u>	<u>\$ 74.6</u>	<u>\$ 176.8</u>	<u>\$ 138.9</u>