



KIRBY CORPORATION

FOR IMMEDIATE RELEASE

KIRBY CORPORATION ANNOUNCES EXPANSION OF DIESEL ENGINE SERVICES DISTRIBUTORSHIP WITH THE ELECTRO-MOTIVE DIVISION OF GENERAL MOTORS

- Passenger and Class II railroad markets added to current shortline and industrial railroads

Houston, Texas (June 27, 2001) -- **Kirby Corporation ("Kirby") (NYSE: KEX)** announced today that its diesel engine services subsidiary, Rail Systems, Inc., has entered into an agreement with the Electro-Motive Division of General Motors ("EMD") to distribute EMD replacement parts to certain United States passenger and Class II railroads effective July 1, 2001. These new railroads segments are anticipated to purchase between \$4.5 to \$5.5 million of EMD replacement parts annually.

Kirby currently has distribution agreements with EMD to provide replacement parts to shortline and industrial railroads throughout the United States, to the marine, power generation and industrial applications in 17 Eastern States and the Caribbean, and to the nuclear industry worldwide. The Company also operates non-exclusive service centers in the Midwest, Gulf Coast and West Coast regions.

This agreement for passenger and Class II distribution is expected to be marginally accretive to Kirby's earnings throughout the remainder of 2001. After being fully integrated by early 2002, the passenger and Class II railroad business should provide operating margins that are consistent with Kirby's current diesel engine services segment.

Joe Pyne, Kirby's President and Chief Executive Officer, commented, "The rail passenger transportation distributorship is very complimentary to our shortline and industrial rail business. We began our relationship with EMD 35 years ago and we are pleased by our extended service arrangement. The expansion of our diesel parts distribution is consistent with our strategy of selectively adding to this business segment along with growing our core inland tank barge operations."

Diesel engine services revenue of \$21.2 million for the quarter ended March 31, 2001 and \$69.4 million for the 2000 year, represented 16% and 14%, respectively, of Kirby's total revenue of \$133.1 million for the first quarter ended March 31, 2001 and \$512.6 million for the 2000 year.

Kirby Corporation, based in Houston, Texas, operates 871 inland tank barges, with 15.6 million barrels of capacity, and 215 towing vessels, transporting chemicals, petrochemicals, refined petroleum products, black oil and agricultural chemicals throughout the United States' inland waterway system. Through its diesel engine services segment, Kirby provides after-market service for large medium-speed diesel engines used in marine, power generation, industrial, nuclear and rail applications.

Statements contained in this press release with respect to the future are forward-looking statements. These statements reflect management's reasonable judgement with respect to future events. Forward-looking statements involve risks and uncertainties. Actual results could differ materially from those anticipated as a result of various factors, including cyclical or other downturns in demand, significant pricing competition, unanticipated additions to industry capacity, changes in the Jones Act or in U. S. maritime policy and practice, fuel costs, interest rates, weather conditions and the timing, magnitude and the number of acquisitions made by Kirby. A list of additional risk factors can be found in Kirby's annual report on Form 10K for the year ended December 31, 2000, filed with the Securities and Exchange Commission.

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