

KIRBY CORP  
Form DEF 14A  
March 03, 2017

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

**SCHEDULE 14A**  
**Proxy Statement Pursuant to Section 14(a) of the**  
**Securities Exchange Act of 1934**  
**(Amendment No.)**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

**Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Under §240.14a-12

**Kirby Corporation**

**(Name of Registrant as Specified in its Charter)**

**(Name of Person(s) Filing Proxy Statement, if other than the Registrant)**

Payment of Filing Fee (Check the appropriate box):

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**KIRBY CORPORATION**

**Notice of 2017**

**Annual Meeting of Stockholders**

**and**

**Proxy Statement**

**Meeting Date: April 25, 2017**

**YOUR VOTE IS IMPORTANT**

**PLEASE PROMPTLY MARK, DATE, SIGN AND RETURN**

**YOUR PROXY CARD IN THE ENCLOSED ENVELOPE**

# KIRBY CORPORATION

55 Waugh Drive, Suite 1000

P. O. Box 1745

Houston, Texas 77251-1745

March 3, 2017

Dear Fellow Stockholders:

On behalf of the Board of Directors, we cordially invite you to attend the 2017 Annual Meeting of Stockholders of Kirby Corporation to be held on Tuesday, April 25, 2017, at 10:00 a.m. (CDT). The meeting will be held at 55 Waugh Drive, 9th Floor, Houston, Texas 77007. We look forward to personally greeting those stockholders who will be able to attend the meeting.

This booklet contains the notice of the Annual Meeting and the Proxy Statement, which contains information about the proposals to be voted on at the meeting, Kirby's Board of Directors and its committees and certain executive officers. This year you are being asked to elect three Class I directors, ratify the Audit Committee's selection of KPMG LLP as Kirby's independent registered public accounting firm for 2017 and cast advisory votes on executive compensation and the frequency of advisory votes on executive compensation.

In addition to the formal proposals to be brought before the Annual Meeting, there will be a report on our Company's operations, followed by a question and answer period.

Your vote is important. Please ensure that your shares will be represented at the meeting by completing, signing and returning your proxy card in the envelope provided whether or not you plan to attend personally.

Thank you for your continued support and interest in Kirby Corporation.

Sincerely,

DAVID W. GRZEBINSKI  
*President and*

*Chief Executive Officer*

## **KIRBY CORPORATION**

**55 Waugh Drive, Suite 1000**

**P. O. Box 1745**

**Houston, Texas 77251-1745**

### **NOTICE OF 2017 ANNUAL MEETING OF STOCKHOLDERS**

Date: Tuesday, April 25, 2017

Time: 10:00 a.m. CDT

Place: 55 Waugh Drive  
9th Floor

Houston, Texas 77007

Proposals to be voted on at the Kirby Corporation 2017 Annual Meeting of Stockholders are as follows:

1. Election of three Class I directors;
2. Ratification of the Audit Committee's selection of KPMG LLP as Kirby's independent registered public accounting firm for 2017;
3. Advisory vote on the approval of the compensation of Kirby's named executive officers; and
4. Advisory vote on the frequency of advisory votes on executive compensation.

You have the right to receive this notice and vote at the Annual Meeting if you were a stockholder of record at the close of business on March 1, 2017. Please remember that your shares cannot be voted unless you sign and return the enclosed proxy card, vote in person at the Annual Meeting, or make other arrangements to vote your shares.

We have enclosed a copy of Kirby Corporation's 2016 Annual Report to stockholders with this notice and Proxy Statement.

For the Board of Directors,

THOMAS G. ADLER  
*Secretary*

March 3, 2017

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## KIRBY CORPORATION

### PROXY STATEMENT

#### GENERAL INFORMATION

This Proxy Statement is furnished in connection with the solicitation of proxies on behalf of the Board of Directors (the Board) of Kirby Corporation (the Company) to be voted at the Annual Meeting of Stockholders to be held at 55 Waugh Drive, 9th Floor, Houston, Texas, on April 25, 2017, at 10:00 a.m. (CDT).

Whenever we refer in this Proxy Statement to the Annual Meeting, we are also referring to any meeting that results from an adjournment or postponement of the Annual Meeting. The Notice of Annual Meeting, this Proxy Statement, the proxy card and the Company's Annual Report, which includes the Annual Report on Form 10-K for 2016, are being mailed to stockholders on or about March 15, 2017.

#### SOLICITATION OF PROXIES

##### The Proxy Card

Your shares will be voted as specified on the enclosed proxy card. If a proxy is signed without choices specified, those shares will be voted for the election of the Class I directors named in this Proxy Statement, for the ratification of the Audit Committee's selection of KPMG LLP as the Company's independent registered public accounting firm for 2017, for the approval on an advisory basis of executive compensation, for the approval on an advisory basis of holding the advisory vote on executive compensation every year and at the discretion of the proxies on other matters.

You are encouraged to complete, sign and return the proxy card even if you expect to attend the meeting. If you sign a proxy card and deliver it to us, but then want to change your vote, you may revoke your proxy at any time prior to the Annual Meeting by sending us a written revocation or a new proxy, or by attending the Annual Meeting and voting your shares in person.

##### Cost of Soliciting Proxies

The cost of soliciting proxies will be paid by the Company. The Company has retained Georgeson LLC to solicit proxies at an estimated cost of \$6,300, plus out-of-pocket expenses. Employees of the Company may also solicit proxies, for which the expense would be nominal and borne by the Company. Solicitation may be by mail, facsimile, electronic mail, telephone or personal interview.

#### VOTING

##### Stockholders Entitled to Vote

Stockholders of record at the close of business on March 1, 2017 will be entitled to notice of, and to vote at, the Annual Meeting. As of the close of business on March 1, 2017, the Company had 53,956,767 outstanding shares of common stock. Each share of common stock is entitled to one vote on each matter to come before the meeting.

##### Quorum and Votes Necessary to Adopt Proposals

In order to transact business at the Annual Meeting, a quorum consisting of a majority of all outstanding shares entitled to vote must be present. Abstentions and proxies returned by brokerage firms for which no voting





instructions have been received from their beneficial owners will be counted for the purpose of determining whether a quorum is present. A majority of the votes cast (not counting abstentions and broker nonvotes) is required for the election of directors (Proposal 1). A majority of the outstanding shares entitled to vote that are represented at the meeting in person or by proxy is required for the ratification of the selection of KPMG LLP as the Company's independent registered public accounting firm for 2017 (Proposal 2). Proposal 3 and Proposal 4 are non-binding advisory votes on matters related to executive compensation and therefore there is no voting standard for those proposals, since the voting results will be informational only.

Please note that if your shares are held in the name of a brokerage firm on your behalf, your broker may not vote your shares on the election of directors or the matters related to executive compensation without voting instructions from you.

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON APRIL 25, 2017**

**This Proxy Statement and the Company's 2016 Annual Report, which includes the Annual Report on Form 10-K filed with the Securities and Exchange Commission (SEC), are available electronically at [www.edocumentview.com/kex](http://www.edocumentview.com/kex).**

The following proposals will be considered at the meeting:

- |            |   |
|------------|---|
| Proposal 1 | Election of three Class I directors   |
| Proposal 2 | Ratification of the selection of KPMG LLP as the Company's independent registered public accounting firm for 2017 |
| Proposal 3 | Advisory vote on the approval of the compensation of the Company's named executive officers                       |
| Proposal 4 | Advisory vote on the frequency of advisory votes on executive compensation  |

**The Board of Directors of the Company unanimously recommends that you vote FOR the Board's nominees for director, FOR the selection of KPMG LLP as our independent registered public accounting firm for 2017, FOR approval of our executive compensation and FOR an annual advisory vote on executive compensation.**

**ELECTION OF DIRECTORS (PROPOSAL 1)**

The Bylaws of the Company provide that the Board shall consist of not fewer than three nor more than fifteen members and that, within those limits, the number of directors shall be determined by the Board. The Bylaws further provide that the Board shall be divided into three classes, with the classes being as nearly equal in number as possible and with one class being elected each year for a three-year term. The size of the Board is currently set at nine. Three Class I directors are to be elected at the 2017 Annual Meeting to serve until the Annual Meeting of Stockholders in 2020.

Each nominee named below is currently serving as a director and each has consented to serve for the new term, if elected. If any nominee becomes unable to serve as a director, an event currently not anticipated, the persons named as proxies in the enclosed proxy card intend to vote for a nominee selected by the present Board to fill the vacancy.

In addition to satisfying, individually and collectively, the Company's Criteria for the Selection of Directors discussed under the **THE BOARD OF DIRECTORS** Governance Committee below, each of the directors has extensive experience with the Company or in a business similar to one or more of the Company's principal

businesses or the principal businesses of significant customers of the Company. The brief biographies of each of the nominees and continuing directors below includes a summary of the particular experience and qualifications that led the Board to conclude that he or she should serve as a director.

### Nominees for Election

**The Board of Directors of the Company unanimously recommends that you vote FOR the election of each of the following nominees as a director.**

#### Nominees for Election as Class I directors, to serve until the Annual Meeting of Stockholders in 2020

Richard J. Alario  
Galveston, Texas

Director since 2011  
Age 62

Mr. Alario served as Chief Executive Officer and a director of Key Energy Services, Inc. ( Key Energy ), a publicly traded oilfield service company listed on the New York Stock Exchange ( NYSE ), from 2004 until his retirement in March 2016. Prior to joining Key Energy, Mr. Alario served as Vice President of BJ Services Company, an oilfield service company, from 2002 to 2004, and served for over 21 years in various capacities, most recently Executive Vice President, of OSCA, Inc., also an oilfield service company. He serves as Chairman of the Governance Committee, is a member of the Audit Committee and has been chosen by the non-management directors to serve as the presiding director at executive sessions of the non-management directors. He currently serves as Ex-Officio Chairman and Executive Committee member of the National Ocean Industries Association. Mr. Alario is a director of Distribution Now and serves as Chairman of its compensation committee.

Mr. Alario has over 35 years of experience in the oilfield service business, serving as Chief Executive Officer with both operating and financial responsibility for one of the largest oilfield service companies in the United States. That experience is valuable to the Board in its oversight of the Company's diesel engine services business which serves the oilfield services industry as a significant part of its customer base. As a former public company Chief Executive Officer, Mr. Alario adds that perspective to the collective experience of the independent directors.

David W. Grzebinski  
Houston, Texas

Director since 2014  
Age 55

Mr. Grzebinski has served as President and Chief Executive Officer of the Company since April 2014. He served as President and Chief Operating Officer of the Company from January 2014 to April 2014, Executive Vice President from March 2010 to January 2014, as Chief Financial Officer from March 2010 to April 2014 and as Chairman of the Company's principal offshore marine transportation subsidiary from February 2012 to April 2013. Prior to joining the Company in February 2010, he served in various administrative and operating positions with FMC Technologies, Inc. ( FMC ), a global provider of advanced technology systems and products for the energy industry, including Controller, Energy Services, Treasurer, and Director of Global SAP and Industry Relations. Prior to joining FMC, he was employed by Dow Chemical Company.

Mr. Grzebinski has primary responsibility for the business and strategic direction of the Company and is an essential link between the Board and the Company's day-to-day operations. He has overall knowledge of all aspects of the Company, its operations, customers, financial condition and strategic planning.

Richard R. Stewart  
Houston, Texas

Director since 2008  
Age 67

Mr. Stewart served as President and Chief Executive Officer of GE Aero Energy, a division of GE Energy, and as an officer of General Electric Company, from 1998 until his retirement in December 2006. From 1972 to 1998, Mr. Stewart served in various positions at Stewart & Stevenson Services, Inc. ( Stewart and Stevenson ),

including Group President and member of the Board of Directors. He serves as Chairman of the Audit Committee. Mr. Stewart is also a director of Exterran Corporation and serves on its compensation committee, and a director and Vice Chairman of Eagle Materials Inc. and a former director of Lufkin Industries, Inc.

During a 35-year business career, Mr. Stewart has been the principal executive officer with both operating and financial responsibility for the diesel engine and gas turbine power and service businesses at Stewart & Stevenson and then at GE Aero Energy. Mr. Stewart's extensive experience in the diesel engine business is valuable to the Board in its oversight of the Company's diesel engine services business and complements the marine transportation and petrochemical industry experience of a number of the Company's other directors.

#### **Directors Continuing in Office**

The following persons are directors of the Company who will continue in office.

#### Continuing Class II directors, serving until the Annual Meeting of Stockholders in 2018

Barry E. Davis  
Dallas, Texas

Director since 2015  
Age 55

Mr. Davis is Chief Executive Officer and a director of both EnLink Midstream GP, LLC, the general partner of EnLink Midstream Partners, LP, and EnLink Midstream Manager, LLC, the managing member of EnLink Midstream, LLC. EnLink Midstream Partners, LP and EnLink Midstream, LLC (collectively "EnLink Midstream") are both publicly traded and listed on the NYSE. Prior to the formation of EnLink Midstream in 2014 through the combination of Crosstex Energy and substantially all of the United States midstream assets of Devon Energy, Mr. Davis had served since 1996 as President and Chief Executive Officer of Crosstex Energy, as a director of Crosstex Energy since 2002 and in management roles with other companies in the energy industry since 1984. Mr. Davis serves as a member of the Audit Committee and the Compensation Committee. He is also a member and former president of the Natural Gas and Electric Power Society and the Dallas Wildcat Committee.

EnLink Midstream provides midstream energy services, including gathering, transmission, processing, fractionation, brine services and marketing of natural gas, natural gas liquids, condensate and crude oil. EnLink Midstream's assets include an extensive pipeline network, processing plants, fractionation facilities, storage facilities, rail terminals, barge and truck terminals and an extensive fleet of trucks. Mr. Davis has extensive knowledge and experience in the transportation of hydrocarbons, which is the primary business of EnLink Midstream and its predecessors.

Monte J. Miller  
Durango, Colorado

Director since 2006  
Age 73

Mr. Miller is a consultant and private investor. He served as Executive Vice President, Chemicals, of Flint Hills Resources, LP ("Flint Hills"), a company engaged in crude oil refining, transportation and marketing, and the production of petrochemicals, from 2003 to 2006. From 1999 to 2003, he was Senior Vice President of Koch Chemical Company, a predecessor company of Flint Hills. Mr. Miller serves as a member of the Compensation Committee and the Governance Committee.

Mr. Miller has 30 years of experience in the petrochemical and refining business. A significant volume of petrochemical products and refined petroleum products are transported coastwise and on the inland waterways and petrochemicals and refined petroleum products represent a major portion of the Company's business, so Mr. Miller's extensive knowledge about petrochemical and refining companies, which constitute a substantial part of the Company's customer base, as well as the products they ship and the end users of the products, is valuable to the Board. He also has experience in developing and administering incentive compensation programs at companies similar in size to the Company.

Joseph H. Pyne  
Houston, Texas

Director since 1988  
Age 69

Mr. Pyne is the Chairman of the Board of the Company. Mr. Pyne is also a director of DHT Holdings, Inc. ( DHT ) and Genesee & Wyoming Inc. ( Genesee ) and serves on the compensation committees of both DHT and Genesee.

Mr. Pyne has been with the Company for 39 years, having served as President of its principal marine transportation subsidiary before serving as President and Chief Executive Officer of the Company from 1995 to 2010 and then as Chairman of the Board, President and Chief Executive Officer or Chairman of the Board and Chief Executive Officer of the Company until April 2014. Mr. Pyne has extensive knowledge of all aspects of the Company, its history, operations, customer base, financial condition and strategic planning. He has long been active in industry associations that, among other benefits, monitor significant legislative and regulatory developments affecting both the marine transportation and diesel engine services businesses.

Continuing Class III directors, serving until the Annual Meeting of Stockholders in 2019

Anne-Marie N. Ainsworth  
Houston, Texas

Director since 2015  
Age 60

Ms. Ainsworth served as President and Chief Executive Officer of the general partner of Oiltanking Partners, L.P. and of Oiltanking Holding Americas, Inc. (collectively Oiltanking ), companies engaged in the terminaling, storage and transportation by pipeline of crude oil, refined petroleum products and liquefied petroleum gas, from 2012 until her retirement in 2014. Prior to joining Oiltanking, Ms. Ainsworth served as Senior Vice President, Manufacturing, for Sunoco, Inc. and before that served for 30 years in various managerial positions in the United States refining industry. Ms. Ainsworth serves as a member of the Audit Committee. She is also a director of Archrock, Inc. and Pembina Pipeline Corporation and a former director of Seventy Seven Energy Inc.

Ms. Ainsworth has over 35 years of experience in executive and managerial positions in the United States refining industry with companies providing services for products that included crude oil and refined petroleum products, which constitute a significant percentage of the cargoes carried by the Company s marine transportation business. She also has served as Chief Executive Officer of a public company.

C. Sean Day  
Greenwich, Connecticut

Director since 1996  
Age 67

Mr. Day is Chairman of Teekay Corporation, a diversified foreign flag shipping group. He serves as Chairman of the Compensation Committee and is a member of the Governance Committee. He is also a member of the Board of Teekay GP L.L.C., the general partner of Teekay LNG Partners L.P., Chairman of Teekay Offshore GP L.L.C., the general partner of Teekay Offshore Partners L.P., and Chairman of Compass Diversified Holdings.

Mr. Day has over 45 years of experience in the marine transportation business, serving for the past 19 years as Chairman of one of the largest tanker companies in the world and 10 years before that as chief executive officer of an international bulk shipping company. In addition, Mr. Day has been active in the private equity investment business for the last 32 years, gaining extensive experience in financial management and analysis.

William M. Waterman  
Bedford, New York

Director since 2012  
Age 63

Mr. Waterman served as President and Chief Executive Officer of Penn Maritime Inc. ( Penn ) from 1983 through 2012 until the acquisition of Penn by the Company in December 2012. Penn was a coastal tank barge

operator, transporting primarily refinery feedstocks, asphalt and crude oil along the East Coast and Gulf Coast of the United States. He is also a director and past Chairman of The American Waterways Operators, the national trade association for the United States barge industry. Mr. Waterman serves as a member of the Governance Committee.

Mr. Waterman has over 36 years of experience in the coastal tank barge business with Penn and its predecessor companies, building Penn into one of the largest coastal tank barge operators in the United States. Mr. Waterman's extensive experience in that business and knowledge of its markets and customers are valuable to the Board in its oversight of the Company's coastal business and complement the inland marine transportation, midstream energy services and petrochemical industry experience of other Company directors.

Except as noted, each of the nominees for director and each of the continuing directors has been engaged in his or her principal occupation for more than the past five years.

### **THE BOARD OF DIRECTORS**

The Company's business is managed under the direction of the Board, which is responsible for broad corporate policy and for monitoring the effectiveness of Company management. Members of the Board are kept informed about the Company's businesses by participating in meetings of the Board and its committees, through operating and financial reports made at Board and committee meetings by Company management, through various reports and documents sent to the directors for their review and by visiting Company facilities.

#### **Director Independence**

The NYSE listing standards require listed companies to have at least a majority of independent directors. For a director to be considered independent, the Board must determine that the director does not have any direct or indirect material relationship with the Company.

The Board has determined that the following incumbent directors have no relationship with the Company except as directors and stockholders and are independent within the meaning of the NYSE corporate governance rules:

Anne-Marie N. Ainsworth  
Barry E. Davis  
C. Sean Day

Monte J. Miller  
Richard R. Stewart  
William M. Waterman

The Board has determined that an indirect relationship between Richard J. Alario and the Company through Key Energy is not material and that Mr. Alario is also independent. Key Energy is a customer of United Holdings LLC (United Holdings), a wholly owned subsidiary of the Company that provided diesel engine equipment, parts and service to Key Energy in the ordinary course of business in 2016. The volume of business done between Key Energy and United Holdings from January 1, 2016 to February 29, 2016 was \$80,000, which represents less than 1% of Key Energy's total revenues for 2016. Mr. Alario retired from Key Energy on March 1, 2016. The business relationship between Key Energy and United Holdings predates both the Company's acquisition of United Holdings in April 2011 and the election of Mr. Alario to the Board.

In addition, the Board has previously determined that William M. Lamont, Jr., who served as a director of the Company until the 2016 Annual Meeting of Stockholders, had no relationship with the Company except as a director and stockholder and was independent.

**Board Committees**

The Board has established three standing committees, including the Audit Committee, the Compensation Committee and the Governance Committee, each of which is briefly described below.

**Audit Committee**

All of the members of the Audit Committee are independent, as that term is defined in applicable SEC and NYSE rules. In addition, the Board has determined that all of the members of the Audit Committee are audit committee financial experts, as that term is defined in SEC rules. The Audit Committee operates under a written charter adopted by the Board. A copy of the charter is available on the Company's web site at [www.kirbycorp.com](http://www.kirbycorp.com) in the Investor Relations section under Corporate Governance.

**Principal Functions**

Monitor the Company's financial reporting, accounting procedures and systems of internal control

Select the independent auditors for the Company

Review the Company's audited annual and unaudited quarterly financial statements with management and the independent auditors

Monitor the independence and performance of the Company's independent auditors and internal audit function

Monitor the Company's compliance with legal and regulatory requirements

**Members**

Richard R. Stewart (Chairman)

Anne-Marie N. Ainsworth

Richard J. Alario

Barry E. Davis

**Compensation Committee**

All of the members of the Compensation Committee are independent, as that term is defined in applicable SEC and NYSE rules. In addition, all of the members of the Compensation Committee are Non-Employee Directors and outside directors as defined in relevant federal securities and tax regulations. The Compensation Committee operates under a written charter adopted by the Board. A copy of the charter is available on the Company's web site at [www.kirbycorp.com](http://www.kirbycorp.com) in the Investor Relations section under Corporate Governance.

**Principal Functions**

Determine the compensation of executive officers of the Company

Administer the Company's annual incentive bonus program

Administer the Company's stock option, restricted stock and incentive plans and grant stock options, restricted stock and performance awards under such plans

**Members**

C. Sean Day (Chairman)

Barry E. Davis

Monte J. Miller

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**Governance Committee**

All of the members of the Governance Committee are independent, as that term is defined in NYSE rules. The Governance Committee operates under a written charter adopted by the Board. A copy of the charter is available on the Company's web site at [www.kirbycorp.com](http://www.kirbycorp.com) in the Investor Relations section under Corporate Governance.

**Principal Functions**

Perform the function of a nominating committee in recommending candidates for election to the Board  
Review all related person transactions  
Oversee the operation and effectiveness of the Board

**Members**

Richard J. Alario (Chairman)

C. Sean Day

Monte J. Miller

William M. Waterman

The Governance Committee will consider director candidates recommended by stockholders or proposed by stockholders in accordance with the Company's Bylaws. Recommendations may be sent to the Chairman of the Governance Committee, Kirby Corporation, 55 Waugh Drive, Suite 1000, Houston, Texas 77007, accompanied by biographical information for evaluation. The Board of the Company has approved Criteria for the Selection of Directors which the Governance Committee will consider in evaluating director candidates. The criteria address compliance with SEC and NYSE requirements relating to the composition of the Board and its committees, as well as character, integrity, experience, understanding of the Company's business and willingness to commit sufficient time to the Company's business. The criteria are available on the Company's web site at [www.kirbycorp.com](http://www.kirbycorp.com) in the Investor Relations section under Corporate Governance.

In addition to the criteria, the Governance Committee and the Board will consider diversity in business experience, professional expertise, gender and ethnic background in evaluating potential nominees for director. The Company's Corporate Governance Guidelines and Governance Committee Charter include provisions concerning the consideration of diversity in business experience, professional skills, gender and ethnic background in selecting nominees for director.

When there is a vacancy on the Board (i.e., in cases other than the nomination of an existing director for reelection), the Board and the Governance Committee have considered candidates identified by executive search firms, candidates recommended by stockholders and candidates recommended by other directors. The Governance Committee will continue to consider candidates from any of those sources when future vacancies occur. The Governance Committee does not evaluate a candidate differently based on whether or not the candidate is recommended by a stockholder.

**Attendance at Meetings**

It is the Company's policy that directors are expected to attend Board meetings and meetings of committees on which they serve and are expected to attend the Annual Meeting of Stockholders of the Company. During 2016, the Board met six times, the Audit Committee met eight times, the Compensation Committee met six times and the Governance Committee met four times. Each director attended all of the meetings of the Board and of the committees on which he or she served. All directors attended the 2016 Annual Meeting of Stockholders of the Company.

**Director Compensation**

Directors who are employees of the Company receive no additional compensation for their service on the Board. Compensation of nonemployee directors is determined by the full Board, which may consider recommendations of the Compensation Committee. Past practice has been to review director compensation when the Board believes that an adjustment may be necessary in order to remain competitive with director compensation of comparable companies. Management of the Company periodically collects published survey information on director compensation for purposes of comparison.

Each nonemployee director receives an annual fee of \$75,000. A director may elect to receive the annual fee in cash, stock options or restricted stock. The Chairman of the Audit Committee receives an additional annual fee of \$20,000, the Chairman of the Compensation Committee receives an additional annual fee of \$15,000 and the Chairman of the Governance Committee receives an additional annual fee of \$10,000. The presiding director at executive sessions of the non-management directors receives an additional annual fee of \$20,000. In addition, each director receives an annual fee of \$7,500 for each committee of the Board on which he or she serves. All fees are payable in four equal quarterly payments made at the end of each calendar quarter. The annual director fee is prorated for any director elected between annual stockholder meetings and the committee chairman, presiding director and committee member fees are prorated for any director who is elected to such position between annual meetings of the Board. Directors are reimbursed for reasonable expenses incurred in attending meetings.

Each nonemployee director will receive a fee of \$3,000 for each board meeting attended, in person or by telephone, in excess of six meetings in any one calendar year. Each member of a committee of the board will receive a fee of \$3,000 for each committee meeting attended, in person or by telephone, in excess of ten meetings in any one calendar year in the case of the Audit Committee, in excess of eight meetings in any one calendar year in the case of the Compensation Committee and in excess of eight meetings in any one calendar year in the case of the Governance Committee.

In addition to the fees described above provided to the directors, the Company has a stock award plan for nonemployee directors of the Company which provides for the issuance of stock options and restricted stock. The director plan provides for automatic grants of restricted stock to nonemployee directors after each annual meeting of stockholders. Each director receives restricted shares of the Company's common stock after each annual meeting of stockholders. The number of shares of restricted stock issued is equal to (a) \$167,500 divided by (b) the fair market value of a share of stock on the date of grant multiplied by (c) 1.2. The director plan also provides for discretionary grants of an aggregate of 10,000 shares in the form of stock options or restricted stock. In addition, the director plan allows for the issuance of stock options or restricted stock in lieu of cash for all or part of the annual director fee at the option of the director. A director who elects to receive options in lieu of the annual cash fee will be granted an option for a number of shares equal to (a) the amount of the fee for which the election is made divided by (b) the fair market value per share of the common stock on the date of grant multiplied by (c) 3. A director who elects to receive restricted stock in lieu of the annual cash fee will be issued a number of shares of restricted stock equal to (a) the amount of the fee for which the election is made divided by (b) the fair market value per share of the common stock on the date of grant multiplied by (c) 1.2. The exercise price for all options granted under the director plan is the fair market value per share of the Company's common stock on the date of grant. The restricted stock issued after each annual meeting of stockholders vests six months after the date of issuance. Options granted and restricted stock issued in lieu of cash director fees vest in equal quarterly increments during the year to which they relate. The options generally remain exercisable for ten years after the date of grant.

The Board has established stock ownership guidelines for officers and directors of the Company. Nonemployee directors must be in compliance within five years after first election as a director, but are expected to accumulate the required number of shares ratably over the applicable five-year period. Under the guidelines, nonemployee directors are required to own common stock of the Company having a value equal to four times the annual cash director fee. As of December 31, 2016, all directors were in compliance with the stock ownership guidelines. The Governance Committee of the Board will monitor compliance with the guidelines and may recommend modifications or exceptions to the Board.



The following table summarizes the cash and equity compensation for nonemployee directors for the year ended December 31, 2016:

#### Director Compensation for 2016

Name	Fees Earned or Paid in Cash	Stock Awards(1)(2)	Total
Anne-Marie N. Ainsworth	\$ 82,005	\$ 201,030	\$ 283,035
Richard J. Alario	120,000	201,030	321,030
Barry E. Davis	89,505	201,030	290,535
C. Sean Day	30,000	291,102	321,102
William M. Lamont, Jr.(3)	20,625		20,625
Monte J. Miller	90,000	201,030	291,030
Richard R. Stewart	102,500	201,030	303,530
William M. Waterman	82,500	201,030	283,530

(1) The amounts included in the Stock Awards column represent the grant date fair value related to restricted stock awards to the directors, computed in accordance with FASB ASC Topic 718. There were no stock option awards granted to the directors in 2016. For a discussion of valuation assumptions, see Note 8, Stock Award Plans, in the Company's consolidated financial statements included in the Annual Report on Form 10-K for the year ended December 31, 2016.

(2) Ms. Ainsworth, Mr. Alario, Mr. Davis, Mr. Day, Mr. Miller, Mr. Stewart and Mr. Waterman were each granted 3,098 shares of restricted stock on May 2, 2016 at a value of \$64.89 per share. Mr. Day was granted an additional 1,388 shares of restricted stock on May 2, 2016 at a value of \$64.89, as he elected to receive his annual director fee in the form of restricted stock.

The following table shows the aggregate number of shares of unvested restricted stock and stock options outstanding for each director as of December 31, 2016, as well as the grant date fair value of restricted stock grants made during 2016:

Name	Aggregate Shares of Unvested Restricted Stock as of December 31, 2016	Aggregate Stock Options Outstanding as of December 31, 2016	Grant Date Fair Value of Restricted Stock Awarded during 2016
Anne-Marie N. Ainsworth			\$ 201,030
Richard J. Alario		29,153	201,030
Barry E. Davis			201,030
C. Sean Day	347	36,000	291,102
William M. Lamont, Jr. (3)		48,000	
Monte J. Miller		46,276	201,030
Richard R. Stewart		24,000	201,030
William M. Waterman		22,000	201,030

(3) Mr. Lamont retired from the Board effective April 26, 2016.

#### Board Leadership Structure

The Board has no set policy concerning the separation of the offices of Chairman of the Board and Chief Executive Officer, but retains the flexibility to decide how the two positions should be filled based on the circumstances existing at any given time. Following Mr. Grzebinski's succession to the position of President and Chief Executive Officer in 2014, the Board considered it important for Mr. Pyne, with his comprehensive understanding of the Company's businesses and strategic direction, to continue in the role of an executive Chairman of the Board. During the same time period, the Board was focused on management succession.



planning, primarily for the role of Chief Executive Officer but also for other senior management positions. The Board determined that having Mr. Pyne continue to serve as an executive Chairman of the Board after relinquishing the role of Chief Executive Officer would facilitate the succession process and provide valuable support to the new senior management team.

The Board does not have a lead director, but has chosen Mr. Alario to be the presiding director to preside at the regular executive sessions of the non-management directors that are held at least quarterly. Mr. Alario also serves as a liaison between the independent directors and management on certain matters that are not within the area of responsibility of a particular committee of the Board.

### **Risk Oversight**

The Board carries out its risk oversight function through the Audit Committee and the full Board. Management prepares and reviews with the Audit Committee and the Board semiannually a comprehensive assessment of the identified internal and external risks of the Company that includes evaluations of the potential impact of each identified risk, its probability of occurrence and the effectiveness of the controls that are in place to mitigate the risk. The Audit Committee and the Board also receive regular reports of any events or circumstances involving risks outside the normal course of business of the Company. At times, a particular risk will be monitored and evaluated by another Board committee with primary responsibility in the area involved, such as the Compensation Committee's review of the risks related to the Company's compensation policies and practices. The Board's administration of its risk oversight function has not affected the Board's leadership structure.

### **TRANSACTIONS WITH RELATED PERSONS**

The Board has adopted a written policy on transactions with related persons that provides that certain transactions involving the Company and any of its directors, executive officers or major stockholders or members of their immediate families, including all transactions that would be required to be disclosed as transactions with related persons in the Company's Proxy Statement, are subject to approval in advance by the Governance Committee, except that a member of the Committee will not participate in the review of a transaction in which that member has an interest. The Committee has the discretion to approve any transaction which it determines is in, or not inconsistent with, the best interests of the Company and its stockholders. If for any reason a transaction with a related person has not previously been approved, the Committee will review the transaction within a reasonable period of time and either ratify the transaction or recommend other actions, including modification, rescission or termination, taking into consideration the Company's contractual obligations. If a transaction is ongoing or consists of a series of similar transactions, the Committee will review the transaction at least annually and either ratify the continuation of the transaction or recommend other actions, including modification, rescission or termination, taking into consideration the Company's contractual obligations. The policy provides certain exceptions, including compensation approved by the Board or its Compensation Committee.

Mr. Alario, a current director of the Company, was Chief Executive Officer of Key Energy until his retirement on March 1, 2016. Key Energy paid the Company \$80,000 during the period of January 1, 2016 to March 1, 2016 for oilfield service equipment and for parts and service in the ordinary course of business of the Company.

The Company is a 50% owner of The Hollywood Camp, L.L.C. ( The Hollywood Camp ), a company that owns and operates a hunting and fishing facility used by the Company primarily for customer entertainment. The Hollywood Camp allocates lease and lodging expenses to its members based on their usage of the facilities. Key Energy paid The Hollywood Camp \$221,000 for use of the facility during the period from January 1, 2016 to March 1, 2016.

The husband of Amy D. Husted, Vice President and General Counsel of the Company, is a partner in the law firm of Strasburger & Price, LLP. The Company paid the law firm \$779,000 in 2016 for legal services. Mr. Grzebinski approves each engagement of the firm by the Company and the payment of fees billed by the firm.

## **CORPORATE GOVERNANCE**

### **Business Ethics Guidelines**

The Board has adopted Business Ethics Guidelines that apply to all directors, officers and employees of the Company. A copy of the Business Ethics Guidelines is available on the Company's web site at [www.kirbycorp.com](http://www.kirbycorp.com) in the Investor Relations section under Corporate Governance. The Company is required to make prompt disclosure of any amendment to or waiver of any provision of its Business Ethics Guidelines that applies to any director or executive officer or to its chief executive officer, chief financial officer, chief accounting officer or controller, or persons performing similar functions. The Company will make any such disclosure that may be necessary by posting the disclosure on its web site at [www.kirbycorp.com](http://www.kirbycorp.com) in the Investor Relations section under Corporate Governance.

### **Corporate Governance Guidelines**

The Board has adopted Corporate Governance Guidelines. A copy of the guidelines is available on the Company's web site at [www.kirbycorp.com](http://www.kirbycorp.com) in the Investor Relations section under Corporate Governance.

### **Communication with Directors**

Interested parties may communicate with the full Board or any individual directors, including the Chairmen of the Audit, Compensation and Governance Committees, the presiding director or the non-management or independent directors as a group, by writing to them c/o Kirby Corporation, 55 Waugh Drive, Suite 1000, Houston, Texas 77007. Complaints about accounting, internal accounting controls or auditing matters should be directed to the Chairman of the Audit Committee at the same address. All communications will be forwarded to the person(s) to whom they are addressed.

### **Web Site Disclosures**

The following documents and information are available on the Company's web site at [www.kirbycorp.com](http://www.kirbycorp.com) in the Investor Relations section under Corporate Governance:

Audit Committee Charter

Compensation Committee Charter

Governance Committee Charter

Criteria for the Selection of Directors

Business Ethics Guidelines

Corporate Governance Guidelines

Communication with Directors



## BENEFICIAL OWNERSHIP OF COMMON STOCK

### Beneficial Ownership of Directors and Executive Officers

The following table shows the number of shares of common stock beneficially owned by each director, each named executive officer listed in the Summary Compensation Table, and by the directors and executive officers of the Company as a group as of March 1, 2017. Under rules of the SEC, beneficial ownership is deemed to include shares for which the individual, directly or indirectly, has or shares voting or investment power, whether or not they are held for the individual's benefit. Except as otherwise indicated, the persons named have sole voting and investment power over the shares shown.

	Shares of Common Stock Beneficially Owned on March 1, 2017			Total	Percent of Common Stock(3)
	Direct(1)	Indirect	Right to Acquire(2)		
<b>DIRECTORS</b>					
Anne-Marie N. Ainsworth	4,605			4,605	
Richard J. Alario	9,781		29,153	38,934	
Barry E. Davis	5,628			5,628	
C. Sean Day	48,168		36,000	84,168	
David W. Grzebinski	79,409		61,715	141,124	
Monte J. Miller	12,254		43,276	55,530	
Joseph H. Pyne	238,192	6,250(4)	129,015	373,457	
Richard R. Stewart	15,628		24,000	39,628	
William M. Waterman	107,629	202,249(5)	22,000	331,878	
<b>NAMED EXECUTIVES</b>					
C. Andrew Smith	18,278		10,251	28,529	
Christian G. O'Neil	29,855		22,330	52,185	
Joseph H. Reniers	28,305		25,280	53,585	
Directors and Executive Officers as a group (20 in number)	741,741	208,699	503,387	1,453,827	2.7%

- (1) Shares owned as of March 1, 2017 and held individually or jointly with others, or in the name of a bank, broker or nominee for the individual's account. Also includes shares held under the Company's 401(k) Plan.
- (2) Shares with respect to which a director or executive officer has the right to acquire beneficial ownership within 60 days after March 1, 2017.
- (3) No percent of class is shown for holdings of less than 1%.
- (4) Shares are held by a trust for the benefit of Mr. Pyne's daughter.
- (5) Shares are held by a trust for the benefit of Mr. Waterman's wife and adult children. Mr. Waterman's wife is a trustee of the trust. Mr. Waterman disclaims beneficial ownership of the trust shares.

**Principal Stockholders**

The following table and notes set forth information as of the dates indicated concerning persons known to the Company to be the beneficial owner of more than 5% of the Company's outstanding common stock, based on filings with the SEC:

Name and Address	Number of Shares Beneficially Owned	Percent of Class(1)
BlackRock, Inc.  55 East 52 <sup>nd</sup> Street  New York, NY 10055	4,776,390(2)	8.9%
Eaton Vance Management  2 International Place  Boston, MA 02110	4,506,138(3)	8.4%
The Vanguard Group  100 Vanguard Blvd.  Malvern, PA 19355	3,950,697(4)	7.3%
Baillie Gifford & Co  1 Greenside Row.  Edinburgh EH1 3AN  Scotland, UK	3,208,376(5)	5.9%

- (1) Based on the Company's outstanding shares of common stock on March 1, 2017.
- (2) Based on Schedule 13G/A, dated January 25, 2017, filed by BlackRock, Inc. with the SEC.
- (3) Based on Schedule 13G/A, dated February 15, 2017, filed by Eaton Vance Management with the SEC.
- (4) Based on Schedule 13G/A, dated February 10, 2017, filed by The Vanguard Group with the SEC.
- (5) Based on Schedule 13G, dated January 27, 2017, filed by Baillie Gifford & Co with the SEC.

**Section 16(a) Beneficial Ownership Reporting Compliance**

The Company's directors and executive officers, and persons who own beneficially more than 10% of the Company's common stock, are required under Section 16(a) of the Securities Exchange Act of 1934 to file reports of beneficial ownership and changes in beneficial ownership of the Company's common stock with the SEC and the NYSE. Based solely on a review of the copies of reports furnished to the Company and written representations that no other reports were required, the Company believes that its executive officers and directors complied with all Section 16(a) filing requirements during 2016.

**EXECUTIVE COMPENSATION**

**Compensation Discussion and Analysis**

*Executive Summary*

*Named Executive Officers*

The Company's named executive officers for 2016 and their positions with the Company at the end of the year were David W. Grzebinski, President and Chief Executive Officer, C. Andrew Smith, Executive Vice President and Chief Financial Officer, and the three other most highly compensated executive officers for 2016, consisting of Joseph H. Pyne, Chairman of the Board, Christian G. O'Neil, Executive Vice President and Chief Operating Officer of the Company's principal inland and offshore marine transportation subsidiaries, and Joseph H. Reniers, Executive Vice President-Diesel Engine Services and Supply Chain.



Compensation for the named executive officers is provided primarily by three compensation elements: (1) base salary, (2) annual incentive compensation and (3) long-term incentives, including stock options, restricted stock and performance awards. The overall goal of the Company's compensation program is to pay compensation competitive with similar corporations and to align annual incentives and long-term incentives with corporate performance and a return to the Company's stockholders.

*Compensation Objectives*

The objectives of the compensation program are:

to attract and retain senior executives with competitive compensation opportunities;

to motivate consistent performance over time; and

to encourage performance that results in increased profitability and stockholder value.

The Company's executive compensation program is designed to reward:

performance that contributes to the long-term growth and stability of the Company and the effectiveness of management in carrying out strategic objectives identified for the Company (through the base salary);

the financial and operational success of the Company for the current year (through the annual incentive plan); and

the future growth and profitability of the Company (through long-term incentive compensation awards).

*Company Performance*

The Company's performance in 2016 was adversely affected by the low price of crude oil during the year that continued to impact sales and servicing of pressure pumping equipment for the land-based oilfield service market, the servicing of diesel engines for the Gulf of Mexico oilfield service market, the lack of demand for inland and coastal barge transportation of crude oil and natural gas condensate and the conversion of barges from crude oil service to other cargoes, thereby creating an oversupply of inland and coastal tank barges. Despite the impact of oil prices, the Company continued to generate strong cash flow with EBITDA of \$445 million and maintained a strong balance sheet with a debt to capital ratio of 23.1%. The following table summarizes a number of key financial measures for the last five years (dollars are in millions except for per share amounts):

	2012	2013	2014	2015	2016
Total assets	\$ 3,645	\$ 3,676	\$ 4,138	\$ 4,152	\$ 4,303
Total revenues	\$ 2,113	\$ 2,242	\$ 2,566	\$ 2,148	\$ 1,771
Net earnings attributable to Kirby	\$ 209	\$ 253	\$ 282	\$ 227	\$ 141
EBITDA(1)	\$ 507	\$ 598	\$ 643	\$ 571	\$ 445
Earnings per share (diluted)(1)	\$ 3.73	\$ 4.44	\$ 4.93	\$ 4.11	\$ 2.62
Return on total capital(1)	15.2%	15.4%	16.6%	12.5%	7.9%

(1) Performance measures for annual and long-term incentive compensation discussed under Elements of Compensation Annual Incentive Compensation below.

The Company's total stockholder return was 1% for the last five years, including a negative 35% return for 2015, when the full effects of the recent energy industry downturn were first felt. The Company delivered total stockholder return of 23% from 2012 through 2014 and 26% in 2016.

*Incentive Plan Payouts*

The named executive officers received annual and long-term incentive compensation payouts below target amounts because the Company's results for 2016 on the key performance measures were below target amounts.

*Chief Executive Officer Compensation*

Mr. Grzebinski's salary for 2016 remained at \$790,000, the same as it was at the end of 2015. He earned cash incentive compensation payments of \$1,078,300 (an increase of 12% from 2015) and received equity compensation awards with a grant date fair value of \$1,650,168 (the same as 2015). A total of 46% of his direct compensation (annual bonus, three-year performance award and stock options) was performance-based.

*Compensation Committee*

The Compensation Committee (the Committee) of the Board has the authority and responsibility to (1) determine the compensation of executive officers of the Company, (2) administer the Company's annual incentive compensation program, (3) administer all of the Company's stock option and incentive compensation plans and grant stock options, restricted stock and other awards under the plans and (4) review and make recommendations to the Board with respect to incentive and equity-based compensation plans and any other forms of compensation for executive officers of the Company. During 2016, the Committee was composed of three or four members (currently three), all of whom were, and in the case of the three current members are, independent directors, Non-Employee Directors and outside directors as those terms are defined in relevant SEC and NYSE standards and federal securities and tax regulations.

The Committee does not delegate any of its authority to determine executive compensation. The Committee considers recommendations from the Chief Executive Officer in making its compensation decisions for executive officers other than the Chief Executive Officer. The Committee will usually follow those recommendations when setting compensation for other executive officers since the Chief Executive Officer is in the best position to evaluate the contributions of the other executive officers to the success of the Company. The Committee undertakes an independent evaluation of the individual performance of the Chief Executive Officer prior to setting his compensation. The Committee also engaged a compensation consultant in connection with its compensation decisions for 2016.

In determining the compensation of the named executive officers, the Committee considered all elements of total compensation, including salary, annual incentive compensation, equity-based and other long-term incentive compensation and projected payouts under the Company's retirement plans. The Committee also relied in part on the marketplace analysis prepared by Frederic W. Cook & Co., Inc. (the Consultant), a compensation consulting firm retained by the Committee, in determining that its compensation decisions, both as to specific elements of compensation and as to aggregate compensation, were in a reasonable range for comparable companies and for the positions held by the named executive officers. The Committee also considered the Consultant's analysis in evaluating internal pay equity among the named executive officers. From that foundation, the Committee refined the individual compensation decisions based on a number of factors, including the prior year's compensation, the performance of the Company or its business groups, individual performance of the named executive officer, any increased responsibilities assigned to a particular executive officer, the recommendations of the Chief Executive Officer (except as to his own compensation) and considerations of internal pay equity. However, the final decisions of the Committee are to some extent subjective and do not result from a formulaic application of any of those factors.

*Say on Pay*

At the Company's 2016 Annual Meeting, stockholders approved the compensation of the Company's named executive officers by 94% of the votes cast. The Company interpreted the vote as an endorsement of its executive compensation policies and practices, but the Committee continues to reevaluate the principal elements of the Company's executive compensation on an ongoing basis, although no material changes were made for 2016.

### *Compensation Consultant*

For 2016, the Committee engaged the Consultant to provide information for the Committee to consider in making compensation decisions. The Consultant was engaged directly by the Committee to:

review the reference group of comparable companies used for comparisons of Company performance and executive compensation;

perform a marketplace analysis of direct compensation for senior executive officers compared to the reference group of companies and published compensation surveys;

update the Committee on current trends in executive compensation;

consult with the Committee concerning risks of the Company's compensation policies and practices; and

consult with the Committee with respect to the SEC's executive compensation rulemaking pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act.

At the Committee's request, the Consultant has addressed the six independence factors for compensation committee advisers that are identified in SEC regulations. The Committee concluded that there are no conflicts of interest that affect the work of the Consultant for the Committee. The Consultant was not retained by the Company or any of its affiliates (other than the Committee) to perform any services during 2016.

### *Elements of Compensation*

#### *General*

The Committee and management believe that the Company is a leader in the industries in which it operates and that its employees are frequently targeted by its competitors. Therefore, the Committee generally attempts to set compensation at levels to keep pace with inflation and the competitive market to avoid losing valuable employees.

Compensation information for a reference group of comparable companies used by the Committee in making compensation decisions was provided by the Consultant. See *Benchmarking* below for more detail and a listing of the companies in the reference group.

Based on information available in January 2016 when compensation for the year was set, the Consultant determined that, in the aggregate, four of the five named executive officers (excluding Mr. Pyne) were positioned below the 25th percentile for the reference group for total cash compensation (base salary plus annual incentive bonus) and target and actual total direct compensation, which also includes long-term incentive compensation. Since few meaningful comparisons to the reference group were available for Mr. Pyne in the role of an executive Chairman of the Board, the Committee based its decision on his compensation for 2016 on its assessment of his continuing value as an active executive Chairman of the Board of the Company, following his successful 19-year tenure as the Company's Chief Executive Officer.

#### *Salary*

The Committee targets base salaries for the named executive officers at approximately the median for comparable companies. Based on information provided by the Consultant, at the beginning of 2016, salaries of the named executive officers as a group were above the 25th percentile but below the median for comparable positions with companies in the reference group. However, in response to the challenging conditions in the Company's principal markets, Company management proposed and the Committee approved freezing salaries at their year-end 2015 levels for all employees who participate in the Company's annual incentive plan, which includes the named executive officers, with certain exceptions in individual cases in which adjustments were

warranted. Two of the exceptions were Mr. O Neil, whose salary was increased from \$332,800 to \$360,000 in May 2016 (an increase of 8.2%), and Mr. Reniers, whose salary was increased from \$330,000 to \$360,000 in May 2016 (an increase of 9.1%), in both cases reflecting their increased responsibilities. Mr. O Neil was promoted during the year to Executive Vice President and Chief Operating Officer of the Company's principal marine transportation subsidiaries. Mr. Reniers was promoted during the year to Executive Vice President-Diesel Engine Services and Supply Chain of the Company, which includes overall responsibility for the Company's diesel engine services businesses. Both Mr. O Neil and Mr. Reniers also received a special equity award that is described under "Special Equity Awards" below.

#### *Annual Incentive Compensation*

With regard to the annual cash incentives for executive officers, the Committee attempts to set annual incentive compensation targets at a level such that, with target performance by an executive officer and the Company, the total cash compensation (base salary plus annual incentive bonus) for the executive officer will be at approximately the median for comparable companies and positions, but with a superior performance by an executive officer and the Company, the total cash compensation for the executive officer will be above the median. The Committee believes that providing total annual cash compensation above the median for similar corporations and positions is appropriate since a significant portion of each executive officer's total annual cash compensation is at risk due to both individual performance factors and the Company's success in achieving the targeted performance measures described below. Annual incentive compensation constitutes a significant portion of direct cash compensation and can vary significantly from year to year depending on the Company's achievement of the performance measures.

Based on the market analysis provided to the Committee by the Consultant, the Committee determined that the target total cash compensation for 2016 for the four named executive officers other than Mr. Pyne would be between the 25th percentile and the median in the aggregate. Based on the Company's performance in 2016, and information available from the Consultant at year end about the companies in the reference group, actual total cash compensation for the four named executive officers in the aggregate was between the 25th percentile and the median when compared to reference group and survey information for the positions with the Company they held at the end of the year.

Bonuses paid under the Company's annual incentive plan are intended to qualify as performance-based compensation for purposes of Section 162(m) of the Internal Revenue Code of 1986, as amended. For 2016, the Committee established the achievement by the Company of net earnings greater than \$1,000,000 as the performance goal required for any participants in the plan to receive a bonus. The Committee also established objectives for three equally weighted performance measures for the year, based on the budget for the year that is prepared by management and approved by the Board, to serve as the basis for determining the total amount to be paid out pursuant to the annual incentive plan. Target annual incentive compensation expressed as a percentage of a participant's base salary was established for each participant in the plan and an interim incentive payment amount was determined for each participant based on the extent to which the three performance measures were achieved by each of the Company's business groups and by the Company as a whole. The aggregate amount of the bonus pool for the year was equal to the sum of the interim incentive payment amounts so determined for all participants. The interim incentive payment amount for each participant serves as a guideline for the individual awards, but each individual bonus may be above or below that level. However, in no event will a bonus paid to any participant exceed 200% of the target bonus for that participant. The Committee may decrease (but not increase) the bonus paid to any participant below that maximum amount based on such quantitative or qualitative criteria as the Committee determines to be appropriate.

The three performance measures are EBITDA, return on total capital and earnings per share. EBITDA for the year is calculated by adding the following amounts shown in the Company's audited financial statements: (1) net earnings attributable to Kirby, (2) depreciation and amortization, (3) interest expense and (4) provision for taxes on income. Return on total capital for the year is calculated by dividing (i) net earnings attributable to

Kirby plus provision for taxes on income plus interest expense by (ii) the average of total equity plus long-term debt for the year. Earnings per share is diluted net earnings per share attributable to the Company's common stockholders as shown in the Company's Consolidated Statements of Earnings.

In addition to the target bonus established for each participant in the annual incentive plan, the Committee also established a range of possible incentive compensation payments, with no payment unless at least 80% of the target performance is achieved and a maximum possible award of 200% of the target amount if 120% of the target performance is achieved. Annual incentive compensation payments for most employees of the Company itself (a holding company which conducts operations through its subsidiaries) are based entirely on the performance of the Company as a whole. Payments for the heads of the Company's business groups and for certain management level employees with responsibilities for more than one business group are based partly on the performance of the business groups and partly on overall Company performance.

For 2016, the Company exceeded \$1,000,000 in net earnings, the performance goal that had to be achieved for any plan participants to receive incentive payments. In addition, the target and actual amounts for the three additional performance measures for the Company were:

	Target	Actual
EBITDA	\$490 million	\$445 million
Return on total capital	9.8%	7.9%
Earnings per share	\$3.20	\$2.62

For 2016, the Committee set the target annual incentive compensation for the named executive officers at the following percentages of base salary: Mr. Grzebinski (100%), Mr. Pyne (90%), Mr. Smith (70%), Mr. O'Neil (70%) and Mr. Reniers (70%). The target percentages were set at levels which the Committee determined, based in part on analysis by the Consultant, are commensurate with their responsibilities, consistent with the Company's executive compensation philosophy, internally equitable and competitive for executives with their qualifications and experience. Payouts under the annual incentive plan for 2016 were 61.0% of the target amount for Mr. Pyne, Mr. Grzebinski, Mr. Smith and Mr. Reniers (employees of the parent Company), and 62.2% of the target for Mr. O'Neil, Executive Vice President and Chief Operating Officer of the Company's principal marine transportation subsidiaries.

The Committee awarded an amount equal to the interim incentive payment calculated under the plan, without adjustment, to each named executive officer for 2016 after determining that the performance of each of the officers met expectations for the year. Those determinations for the Chairman of the Board and the Chief Executive Officer were based on the performance evaluation of the Chief Executive Officer conducted by the Board under the guidance of the Governance Committee, on the extent of the Company's achievement of its financial, operational and strategic goals for 2016 and on the Board's interaction on a regular basis with both officers. The determination for the other named executive officers was based primarily on evaluations and recommendations made by the Chief Executive Officer, as well as on the Board's interaction with the other named executive officers during the previous year in relation to matters in their areas of responsibility.

#### *Long-Term Incentive Compensation*

The Committee's objective for long-term incentive compensation for executive officers is generally to fall between the 50th and 75th percentiles (depending on performance) in long-term incentive compensation of similar corporations and positions. The primary long-term incentives for executive officers are stock options, restricted stock and cash performance awards. The Committee views stock option and restricted stock awards as a regular component of compensation for executive officers, as well as for managerial level employees generally, because the Committee believes that such awards provide an incentive for key employees to remain with the Company and focus on the Company's long-term performance. The long-term incentive compensation supplies the incentive of tying a meaningful portion of total compensation to Company performance, as well as business

group and individual performance. In addition, the ultimate value of the options and shares of restricted stock granted depends on the Company's stock price, aligning the interests of recipients of the awards with the interests of the Company's stockholders.

In 2016, the Committee granted nonqualified stock options covering 94,386 shares of common stock and 57,520 shares of restricted stock to the named executive officers. Those numbers include options and shares granted under the long-term incentive compensation program discussed below, but do not include the special equity awards discussed under *Special Equity Awards* below. The options were granted at a price equal to the fair market value of the Company's common stock on the date of grant, vest in equal increments over three years and have a term of seven years. The restricted stock vests in equal increments over five years.

The Company maintains a long-term incentive compensation program for selected senior executives that is administered by the Committee. The program allows the grant of incentive stock options, nonincentive stock options, restricted stock, performance shares and performance units (or any combination thereof). The objective of the program is to provide long-term incentive compensation to the specified executives in an amount that falls between the 50th and 75th percentiles (depending on performance) when compared to companies or business units of similar size. The actual value realized will be based on the Company's performance over a period of approximately three to seven years.

Under the program, the elements of long-term compensation to be awarded, as well as the executives selected to participate, are determined each year by the Committee. For 2016, the Committee determined that the executives who would receive awards under the long-term incentive compensation program would include the three executive officers named below and that 20% of the target value of the awards would be in the form of stock options, 40% in the form of restricted stock and 40% in the form of cash performance awards. The target values of the awards, broken down by the three components, were as follows:

	<b>Stock Options</b>	<b>Restricted Stock</b>	<b>Performance Awards</b>	<b>Total</b>
David W. Grzebinski	\$ 550,000	\$ 1,100,000	\$ 1,100,000	\$ 2,750,000
Joseph H. Pyne	500,000	1,000,000	1,000,000	2,500,000
C. Andrew Smith	140,000	280,000	280,000	700,000

The options vest over a three-year period and the restricted stock vests over a five-year period. The performance awards are based on a three-year performance period beginning January 1, 2016. The percentage of the target award paid at the end of the performance period will be based on the Company's achievement on a cumulative basis for the three-year period of the objective levels of EBITDA, return on total capital and earnings per share established under its annual incentive plan, with the three factors equally weighted. The officers will be paid the target amount if 100% of the objective performance measures is achieved over the three-year period. The payment can range from zero if less than 80% of the objective performance measures is achieved to a maximum of 200% of the target award for the achievement of 130% or more of the objective performance measures.

The amount and form of the long-term incentive compensation awards, including the specific mix of long-term incentive compensation elements, were based in part on an analysis of market data on the amounts of awards and recommendations on the form of awards provided by the Consultant to the Committee.

#### *Special Equity Awards*

In May 2016, the Committee granted special one-time equity awards consisting of stock options for 15,500 shares and 15,410 shares of restricted stock to Mr. O'Neil and to Mr. Reniers. The options and restricted stock do not become vested until five years after the date of grant, at which time all of the options and restricted stock vest as long as the holder remains employed with the Company through the vesting date. The exercise price of the options is the fair market value of the Company's stock on the date of grant and the options have a term of nine

years from the date of grant. The Committee approved the special equity awards because Mr. O Neil and Mr. Reniers are valuable members of the Company's management team, each of whom recently assumed primary responsibility for one of the Company's two business segments. The special equity awards are intended to provide an incentive for both executives to remain with the Company for at least the next five years. The amount and terms of the awards were based in part on information prepared for the Committee by the Consultant that identified factors to consider in determining to grant the awards and ranges for the principal terms of the awards that would be in line with available market information. The Committee also considered the amount of outstanding vesting and unvested equity awards currently held by Mr. O Neil and Mr. Reniers.

#### ***Chief Executive Officer***

The base salary of the Company's President and Chief Executive Officer, David W. Grzebinski, was generally based on the same factors and criteria outlined above, which include compensation paid to chief executives of similar corporations, individual as well as corporate performance and a general correlation with the compensation of other executive officers of the Company. The Committee set the base salary for Mr. Grzebinski at \$790,000, the same as his salary at the end of 2015. In setting Mr. Grzebinski's compensation, the Committee also considered the Company's success in achieving the financial, operational and strategic corporate goals established for the previous year, as well as the annual evaluation of the Chief Executive Officer's performance conducted by the Board under the guidance of its Governance Committee. However, neither the achievement of corporate goals, the performance evaluation nor any other particular aspect of Company or individual performance is given any specific weighting or tied by any type of formula to decisions on the Chief Executive Officer's base salary or long-term incentive compensation awards. The \$1,078,300 in non-equity incentive plan compensation shown for Mr. Grzebinski in the Summary Compensation Table consisted of (1) \$481,900 determined under the annual incentive plan described above and (2) a \$596,400 payment earned by Mr. Grzebinski for the 2014-2016 performance period under a cash performance award granted as part of the Company's long-term incentive compensation program that was based on the formula for the performance award that was established by the Committee when the award was made at the beginning of 2014. Based on information available at the end of the year, total cash compensation and total direct compensation for Mr. Grzebinski were between the 25<sup>th</sup> percentile and the median compared to the reference group.

#### ***Retirement Plans***

The Company maintains two primary retirement plans in which the named executive officers are eligible to participate on the same basis as broad categories of employees—a Profit Sharing Plan and a 401(k) Plan. Most of the Company's shore-based employees are eligible to participate in the Profit Sharing Plan. The aggregate contributions made to the plan by the Company are allocated among the participants according to base salary. All employees of the Company are eligible to participate in the 401(k) Plan, under which the Company will match employee contributions in an amount up to 3% of an employee's base salary.

The Company maintains an unfunded, nonqualified Deferred Compensation Plan for Key Employees, which is designed primarily to provide additional benefits to eligible employees to restore benefits to which they would be entitled under the Company's Profit Sharing Plan and 401(k) Plan were it not for certain limits imposed by the Internal Revenue Code. The plan is designed to restore benefits for employees being compensated in excess of certain limits (base salary of \$265,000 per annum for 2016). In 2016, the Committee approved contributions for each participant at the maximum amounts allowed by the Plan.

#### ***Perquisites and Personal Benefits***

The only perquisites or other personal benefits that the Company provides to the named executive officers are an automobile allowance that is given to approximately 112 executive and management employees, personal financial planning services and payment of the cost of club memberships that are used for both business and personal purposes. The Committee believes the personal benefits are reasonable in amount and help the Company attract and retain key employees.



***Employment/Severance Agreements***

Except for accelerated vesting of outstanding stock options and restricted stock upon a qualifying termination of employment following a change in control of the Company, and a right to receive a proportionate part of outstanding performance awards upon a change in control of the Company, there are no special compensation arrangements related to severance or change-in-control events. The Company has no employment agreements with any of its executive officers.

***Benchmarking***

The Committee uses information provided by the Consultant to benchmark executive compensation and assist in the design of its incentive plans. Marketplace analysis developed by the Consultant has been based in part on a reference group of companies. The companies in the reference group were selected because they are of a similar size to the Company in revenue and market capitalization, generate comparable returns on assets, equity and capital and have primary operations in at least one of the same business segments as the Company. In determining competitive market levels for the elements of executive compensation, the Consultant used a combination of reference group proxy data and data from published compensation surveys.

The reference group companies used by the Consultant at the beginning of 2016 were:

ABM Industries Incorporated	Oceaneering International, Inc.
Bristow Group Inc.	Oil States International, Inc.
Cameron International Corporation(1)	SEACOR Holdings Inc.
Exterran Holdings, Inc.	Superior Energy Services, Inc.
FMC Technologies, Inc.	Tidewater Inc.
Helix Energy Solutions Group, Inc.	UTi Worldwide Inc.(1)
Key Energy Services, Inc.	Waste Connections, Inc.
McDermott International, Inc.	Werner Enterprises, Inc.

(1) Dropped from the reference group during the year after being acquired by other companies.

Based on the most recent executive compensation review prepared by the Consultant for the Committee, compensation for the four named executive officers other than Mr. Pyne, both as to total cash compensation and total direct compensation, was below the median in the aggregate for comparable companies based on reference group and survey data.

The Consultant also provided the Committee data on the Company's financial performance relative to the reference group of comparable companies based on public information. The Company, which is between the median and the 75th percentile of the companies in the reference group in size, ranked above the median for the reference group for both one-year and three-year periods on a broad range of financial performance measures, including return on equity, return on assets, return on total capital, revenue growth and earnings per share growth.

***Other Compensation Matters***

***Compensation Related Risk***

With the assistance of the Consultant, the Committee undertook a review of the Company's compensation policies and practices and concluded that the Company's compensation programs do not encourage excessive risk taking and do not present risks that are reasonably likely to have a material adverse effect on the Company.

***Tax Considerations***

Section 162(m) of the Internal Revenue Code generally disallows a tax deduction to public companies for compensation over \$1 million paid to the Chief Executive Officer and the three other most highly compensated



executive officers other than the Chief Financial Officer. Certain performance-based compensation, however, is specifically exempt from the deduction limit. The Committee does take steps to qualify compensation for deductibility to the extent practical, but may award compensation that is not deductible when such an award would be in the Company's best interests.

#### *Timing of Compensation Decisions*

The Committee generally makes executive compensation decisions in January of each year. Options have always been granted at an exercise price equal to the fair market value of the Company's stock on the date of grant. Options granted at the regular January meeting of the Committee, which takes place several days before the Company's public release of earnings information for the previous year, are granted at an exercise price equal to the fair market value of the Company's stock on a specified date shortly after the earnings release, in which case the later date is considered the date of grant.

#### *Stock Ownership Guidelines*

The Board has established stock ownership guidelines for executive officers and directors of the Company and its subsidiaries. Executive officers must be in compliance within five years after becoming an executive officer, but are expected to accumulate the required number of shares ratably over the applicable five-year period. Under the guidelines, both the executive Chairman of the Board and the Chief Executive Officer are required to own common stock of the Company having a value equal to four times base salary. For the other named executive officers, the requirement is three times base salary. As of December 31, 2016, all named executive officers were in compliance with the stock ownership guidelines.

#### *Hedging*

The Company has adopted a policy prohibiting hedging the economic risk of ownership of Company stock. The prohibition against hedging, as well as pledging Company stock, is part of the insider trading policy included in the Company's Business Ethics Guidelines.

#### **Compensation Committee Report**

The Compensation Committee of the Board of Directors of the Company has reviewed and discussed with management the Compensation Discussion and Analysis in this Proxy Statement. Based on that review and discussion, the Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this Proxy Statement.

#### COMPENSATION COMMITTEE

C. Sean Day, *Chairman*

Barry E. Davis

Monte J. Miller

#### **Compensation Committee Interlocks and Insider Participation**

The current members of the Compensation Committee are Mr. Davis, Mr. Day, and Mr. Miller. Mr. Day and Mr. Miller served on the Compensation Committee during 2016 and Mr. Davis was elected to the Committee on January 25, 2016. William M. Lamont, Jr., a former director of the Company, served on the Compensation Committee until his retirement from the Board in April 2016. None of such persons is or has been an officer or employee of the Company or any of its subsidiaries. In 2016, no executive officer of the Company served on the board of directors or compensation committee of another entity, any of whose executive officers served on the Board or Compensation Committee of the Company.

## Compensation Tables

## Summary Compensation Table

Name and Principal Position		Salary	Stock Awards(1)	Option Awards(1)	Non-Equity Incentive Plan Compensation(2)	Change in Pension Value and Non-Qualified Deferred Compensation	All Other Compensation(4)	Total
						Earnings(3)		
Joseph H. Pyne	2016	\$ 675,000	\$ 1,000,020	\$ 500,004	\$ 1,080,575	\$ (11,929)	\$ 36,789	\$ 3,280,459
Chairman of the Board	2015	668,750	1,000,020	500,004	1,803,204	(37,233)	148,467	4,083,212
	2014	713,333	1,000,380	500,040	1,984,035	55,048	155,234	4,408,070
David W. Grzebinski	2016	790,000	1,100,160	550,008	1,078,300		24,317	3,542,785
President and Chief Executive Officer	2015	767,500	1,100,100	550,008	961,258		146,320	3,525,186
	2014	650,000	844,980	420,048	959,839		127,708	3,002,575
C. Andrew Smith	2016	400,000	279,960	140,004	348,300		28,270	1,196,534
Executive Vice President and Chief Financial Officer	2015	387,500	280,080	139,968	203,166		87,157	1,097,871
	2014	346,186	749,340	125,064	257,491		78,593	1,556,674
Christian G. O Neil	2016	349,800	1,283,280	541,740	152,303		27,493	2,354,616
Executive Vice President and Chief Operating Officer Kirby Inland Marine, LP and Kirby Offshore Marine, LLC	2015	329,600	283,440	141,696	170,733		75,453	1,000,922
	2014	305,000	266,760	133,380	204,585		64,747	974,472
Joseph H. Reniers	2016	348,750	1,283,280	541,740	148,916		18,522	2,341,208
Executive Vice President Diesel Engine Services and Supply Chain	2015	334,282	283,440	141,696	175,264		68,636	1,003,318
	2014	275,000	266,760	133,380	197,636		58,468	931,244

- (1) The amounts included in the Stock Awards and Option Awards columns represent the grant date fair value related to restricted stock awards and option grants to the named executive officers, computed in accordance with FASB ASC Topic 718. For a discussion of valuation assumptions, see Note 8, Stock Award Plans, in the Company's consolidated financial statements included in the Annual Report on Form 10-K for the year ended December 31, 2016. The actual number of stock awards and options granted in 2016 is shown in the Grants of Plan Based Awards During 2016 table.
- (2) Amounts include payments under the Company's annual incentive plan and payments pursuant to three-year performance awards. Both the annual incentive plan and the performance awards are described in more detail in the Compensation Discussion and Analysis above.
- (3) The amounts for Mr. Pyne reflect the aggregate change during 2016, 2015 and 2014 in the present value of his accumulated benefit under a Deferred Compensation Agreement with Kirby Inland Marine, LP.
- (4) Amounts for 2016 include an automobile allowance, club memberships, and group life insurance for Mr. Pyne, an automobile allowance, club membership, group life insurance and personal use of Company plane for Mr. Grzebinski and Mr. O Neil, an automobile allowance, club membership, group life insurance and health spending account contribution for Mr. Smith and an automobile allowance and group life insurance for Mr. Reniers. The Company's contributions under the Company's Profit Sharing Plan and Deferred Compensation Plan for Key Employees for 2016, which would otherwise be included in this column, have not been determined as of the date of this Proxy Statement. For 2015, the Company's contributions under the Profit Sharing Plan were as follows: \$20,068 to Mr. Pyne, \$24,518 to Mr. Grzebinski, \$26,068 to Mr. Smith, \$34,180 to Mr. O Neil and \$26,068 to Mr. Reniers. Also, cash distributions were made in 2016 for excess benefit contributions in 2015 under the Profit Sharing Plan as follows: \$17,792 to Mr. Pyne, \$13,342 to Mr. Grzebinski, \$11,792 to Mr. Smith, \$3,680 to Mr. O Neil and \$11,792 to Mr. Reniers. For 2015, the Company's contributions under the Deferred Compensation Plan for Key Employees were as follows: \$69,804 to Mr. Pyne, \$86,877 to Mr. Grzebinski, \$21,179 to Mr. Smith, \$11,169 to Mr. O Neil and \$11,978 to Mr. Reniers.



## Grants of Plan Based Awards During 2016

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards(1)			All Other Stock Awards: Number of Shares of Stock or Units(2)	All Other Option Awards: Number of Securities Underlying Options(3)	Exercise Price of Option Awards (\$/sh)(4)	Grant Date Fair Value of Stock and Option Awards(5)
		Threshold	Target	Maximum				
Joseph H. Pyne	02/01/16	\$ 200,000	\$ 1,000,000	\$ 2,000,000				
	02/01/16				19,520		\$ 1,000,020	
	02/01/16					32,031	\$ 51.23	500,004
David W. Grzebinski	02/01/16	220,000	1,100,000	2,200,000				
	02/01/16				21,475		1,100,160	
	02/01/16					35,235	51.23	550,008
C. Andrew Smith	02/01/16	56,000	280,000	560,000				
	02/01/16				5,465		279,960	
	02/01/16					8,970	51.23	140,004
Christian G. O Neil	02/01/16				5,530		283,320	
	02/01/16					9,075	51.23	141,660
	05/02/16				15,410		999,960	
	05/02/16					15,500	64.89	400,080
Joseph H. Reniers	02/01/16				5,530		283,320	
	02/01/16					9,075	51.23	141,660
	05/02/16				15,410		999,960	
	05/02/16					15,550	64.89	400,080

- (1) Amounts shown represent long-term performance awards made to the three of the five named executive officers in 2016 for the 2016-2018 performance period under the Company's long-term incentive compensation program. The performance awards are based on a three-year performance period beginning January 1, 2016. The percentage of the target award paid at the end of the performance period will be based on the achievement by the Company on a cumulative basis for the three-year performance period of the objective levels of EBITDA, return on total capital and earnings per share established under the Company's annual incentive plan. The threshold amount is payable if 80% of the performance target is achieved and the maximum amount is payable if 130% or more of the performance target is achieved; if less than 80% is achieved, there is no payment. For 2016, the first year of the performance period, the Company and its business groups achieved approximately 77%-84%, of the target performance measures (depending on the weighting for the different participants), but any payout to the participating executive officers cannot be determined until the remaining two years of the performance period are completed.
- (2) Represents the number of shares of restricted stock awarded in 2016 under the Company's 2005 Stock and Incentive Plan. The restricted stock granted on February 1, 2016 vests 20% on January 24th of each year following the original award dates. The restricted stock granted to Mr. O Neil and Mr. Reniers on May 2, 2016 vests 100% on May 2, 2021.
- (3) Represents the number of stock options awarded in 2016 under the Company's 2005 Stock and Incentive Plan. The options granted on February 1, 2016 become exercisable one-third after one year, two-thirds after two years, and are fully exercisable after three years from the date of grant. The options granted to Mr. O Neil and Mr. Reniers on May 2, 2016 become exercisable on May 2, 2021. No stock appreciation rights were granted with the stock options.
- (4) The exercise price per share is equal to the closing price per share of the Company's common stock on the date of grant.
- (5) The grant date fair values are calculated based in accordance with FASB ASC Topic 718. For restricted stock awarded, the shares are valued at the closing stock price of the Company's common stock on the date of grant, resulting in a fair value of \$51.23 per share on February 1, 2016 and \$64.89 per share on May 2, 2016. The Black-Scholes option pricing model is used to determine the fair value of stock options, resulting in a fair value of \$15.61 per share on February 1, 2016 and \$25.81 per share on May 2, 2016.



## Outstanding Equity Awards at December 31, 2016

Name	Option Awards				Stock Awards	
	Number of Securities Underlying Unexercised Options Exercisable	Number of Securities Underlying Unexercised Options Unexercisable(1)	Option Exercise Price	Option Expiration Date	Number of Shares or Units That Have Not Vested(2)	Market Value of Shares or Units of Stock That Have Not Vested(3)
Joseph H. Pyne	29,413		\$ 46.74	01/31/18	47,543	\$ 3,161,610
	30,193		65.28	02/15/19		
	31,742		70.65	02/04/20		
	9,168	4,584	104.37	03/10/21		
	6,619	13,238	74.99	02/02/22		
		32,031	51.23	02/01/23		
David W. Grzebinski	8,910		31.35	02/08/17	41,564	2,764,006
	6,128		46.74	01/31/18		
	8,052		65.28	02/15/19		
	9,069		70.65	02/04/20		
	4,694	2,347	96.85	01/02/21		
	3,412	1,706	101.46	02/25/21		
	7,281	14,562	74.99	02/02/22		
	35,235	51.23	02/01/23			
C. Andrew Smith	2,370	1,185	101.46	02/25/21	13,073	869,355
	1,853	3,706	74.99	02/02/22		
		8,970	51.23	02/01/23		
Christian G. O Neil	550		46.74	01/31/18	28,088	1,867,852
	4,731		66.72	02/06/19		
	6,174		70.65	02/04/20		
	2,574	1,287	93.64	02/03/21		
	158	79	101.46	02/25/21		
	1,876	3,752	74.99	02/02/22		
		9,075	51.23	02/01/23		
		15,500	64.89	05/02/25		
Joseph H. Reniers	4,000		36.35	03/15/17	28,088	1,867,852
	3,500		46.74	01/31/18		
	4,731		66.72	02/06/19		
	6,174		70.65	02/04/20		
	2,574	1,287	93.64	02/03/21		
	158	79	101.46	02/25/21		
	1,876	3,752	74.99	02/02/22		
		9,075	51.23	02/01/23		
	15,500	64.89	05/02/25			



(1) The unexercisable options held by the named executive officers are exercisable or become exercisable, as follows:

Grant Date	Vesting Date	Joseph H. Pyne	David W. Grzebinski	C. Andrew Smith	Christian G. O Neil	Joseph H. Reniers
01/02/14	01/02/17		2,347			
02/03/14	02/03/17				1,287	1,287
02/25/14	02/25/17		1,706	1,185	79	79
03/10/14	03/10/17	4,584				
02/02/15	02/02/17	6,619	7,281	1,853	1,876	1,876
	02/02/18	6,619	7,281	1,853	1,876	1,876
02/01/16	02/01/17	10,677	11,745	2,990	3,025	3,025
	02/01/18	10,677	11,745	2,990	3,025	3,025
	02/01/19	10,677	11,745	2,990	3,025	3,025
05/02/16	05/02/21				15,500	15,500

(2) The vesting dates of the restricted stock awards for the named executive officers are as follows:

Name	Vesting Dates	01/23/12	02/15/12	01/28/13	02/04/13	01/02/14	01/06/14	02/03/14	02/25/14	03/10/14	02/02/15	02/01/16	05/02/16	Total
Joseph H. Pyne	01/24/17		3,677		3,963				1,917	2,667	3,904			16,128
	01/24/18				3,964				1,917	2,667	3,904			12,452
	01/24/19								1,917	2,667	3,904			8,488
	01/24/20									2,667	3,904			6,571
	01/24/21										3,904			3,904
David W. Grzebinski	01/24/17		981		1,133	992		710		2,934	4,295			11,045
	01/24/18				1,133	992		710		2,934	4,295			10,064
	01/24/19					992		710		2,934	4,295			8,931
	01/24/20									2,934	4,295			7,229
	01/24/21										4,295			4,295
C. Andrew Smith	01/24/17					1,047		493		747	1,093			3,380
	01/24/18					1,047		493		747	1,093			3,380
	01/24/19					1,047		493		747	1,093			3,380
	01/24/20									747	1,093			1,840
	01/24/21										1,093			1,093
Christian G. O Neil	01/24/17	755		834				534	33	756	1,106			4,018
	01/24/18			834				534	33	756	1,106			3,263
	01/24/19							534	33	756	1,106			2,429
	01/24/20									756	1,106			1,862
	01/24/21										1,106			1,106
	05/02/21												15,410	15,410
Joseph H. Reniers	01/24/17	755		834				534	33	756	1,106			4,018
	01/24/18			834				534	33	756	1,106			3,263
	01/24/19							534	33	756	1,106			2,429
	01/24/20									756	1,106			1,862
	01/24/20										1,106			1,106
	05/02/21												15,410	15,410

(3) The market value of the shares of restricted stock that had not vested as of December 31, 2016 is calculated using the closing price of the Company's common stock on December 31, 2016, which was \$66.50 per share.

### Stock Awards Vested During 2016

Name	Stock Awards(1)	
	Number of Shares Acquired on Vesting	Value Realized on Vesting(2)
Joseph H. Pyne	17,359	\$ 897,634
David W. Grzebinski	7,819	404,320
C. Andrew Smith	2,287	118,261
Christian G. O Neil	3,342	172,815
Joseph H. Reniers	3,532	182,640

(1) Represents restricted stock award vestings only. No stock option exercises occurred during 2016.

(2) Based on the closing price of the Company's common stock on the date of vesting.

#### Pension Benefits

Name	Plan Name	Present Value of Accumulated Benefit
Joseph H. Pyne	Kirby Inland Marine LP Deferred Compensation Plan(1)	\$ 605,082

(1) Kirby Inland Marine, LP has an unfunded Deferred Compensation Agreement with Mr. Pyne in connection with his previous employment as its President. Mr. Pyne has enough years of service to qualify for the maximum payment of \$4,175 per month under the agreement. The agreement provides for benefits to Mr. Pyne of \$4,175 per month commencing upon the later of his severance from the employment of the Company or his 65th birthday and continuing until the month of his death. If Mr. Pyne should die prior to receiving such deferred compensation, the agreement provides for monthly payments to his beneficiary for a period of not less than 60 nor more than 120 months, depending on the circumstances. The agreement also provides that no benefits will be paid if Mr. Pyne is terminated for a wrongful action (as defined in the agreement). Mr. Pyne received no payments under the agreement during 2016.

#### Nonqualified Deferred Compensation

Name	Registrant Contributions in Last Fiscal Year(1)	Aggregate Earnings in Last Fiscal Year(2)	Aggregate Balance at Last Fiscal Year End
Joseph H. Pyne	\$	\$ 152,058	\$ 2,839,874
David W. Grzebinski		16,038	264,074
C. Andrew Smith		1,920	37,739
Christian G. O Neil		1,041	20,280
Joseph H. Reniers		658	15,610

(1) The Company has an unfunded, nonqualified Deferred Compensation Plan for Key Employees which was adopted effective January 1, 1992. The Plan is designed primarily to provide additional benefits to eligible employees to restore benefits to which they would be entitled under the Company's Profit Sharing Plan and 401(k) Plan were it not for certain limits imposed by the Internal Revenue Code. The benefits under the Deferred Compensation Plan are designed to restore benefits for employees with base salary in excess of a certain level

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(base salary of \$265,000 for 2016). Contributions for 2016, which would otherwise be included in this column, have not been determined as of the date of this Proxy Statement. For 2015, the Company's contributions under the Deferred Compensation Plan for Key Employees were as follows: \$69,804 to Mr. Pyne, \$86,877 to Mr. Grzebinski, \$21,179 to Mr. Smith, \$11,169 to Mr. O Neil and \$11,978 to Mr. Reniers.

- (2) Earnings and losses on deferred compensation under the Deferred Compensation Plan for Key Employees are calculated in the same manner and at the same rate as earnings and losses on externally managed investments of salaried employees participating in the Company's Profit Sharing Plan.

**Equity Compensation Plan Information as of December 31, 2016**

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options	Weighted-Average Exercise Price of Outstanding Options	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in First Column)
Equity compensation plans approved by stockholders	601,121	\$ 65.33	1,987,512
Equity compensation plans not approved by stockholders(1)	205,429	\$ 64.60	522,457
<b>Total</b>	<b>806,550</b>	<b>\$ 65.14</b>	<b>2,509,969</b>

- (1) The only plan included in the table that was adopted without stockholder approval was the 2000 Nonemployee Director Stock Plan, the material features of which are summarized under BOARD OF DIRECTORS Director Compensation. Subsequent increases in the number of shares that may be issued under that plan were approved by the stockholders in 2008 and 2012.

**Potential Payments Upon Change in Control**

The Company's 2005 Stock and Incentive Plan (the "Plan") provides for accelerated vesting of stock options and restricted stock upon a change in control of the Company and a qualifying termination of employment in connection with or within 18 months after the change in control. A qualifying termination is a termination by the Company without cause or a termination by the employee with good reason as those terms are defined in the Plan. If a change in control and qualifying termination of employment were to have occurred on December 31, 2016, all of the named executive officers' outstanding options to acquire Company common stock would have become immediately exercisable and all of the restricted stock awards granted to the named executive officers would have also immediately vested. The value of the stock options and restricted stock awards in the summaries for each officer below is based on the Company's closing market price of \$66.50 per share on December 31, 2016.

If a change in control were to have occurred on December 31, 2016, performance awards would have been considered earned so that holders of the awards would have been entitled to receive the target performance award the holder could have earned for the proportionate part of the performance period prior to the change in control.

**Joseph H. Pyne**

Mr. Pyne's options to purchase an aggregate of 32,031 shares of common stock would have become fully exercisable on December 31, 2016 if a change in control and qualifying termination of employment had occurred on that date. Under the terms of Mr. Pyne's stock option agreements, he would have to pay \$1,640,948 to purchase the option shares. Accordingly, the maximum value of the accelerated vesting of the 32,031 option shares would have been \$489,113 (\$66.50 per share value on December 31, 2016, multiplied by 32,031 shares minus \$1,640,948, the aggregate price of the options). All other options held by Mr. Pyne on December 31, 2016 have an exercise price higher than the Company's closing market price of \$66.50 per share on December 31, 2016.

Mr. Pyne had 47,543 shares of restricted stock that were not vested as of December 31, 2016. If a change in control and qualifying termination of employment had occurred on that date, the 47,543 shares would have become fully vested. The maximum value of the accelerated vesting of Mr. Pyne's restricted stock would have been \$3,161,610 (\$66.50 per share value on December 31, 2016, multiplied by 47,543 restricted shares).

On December 31, 2016, Mr. Pyne would have become entitled to payments under previously granted performance awards of \$696,666 if a change in control had occurred on that date.

***David W. Grzebinski***

Mr. Grzebinski's options to purchase an aggregate of 35,235 shares of common stock would have become fully exercisable on December 31, 2016 if a change in control and qualifying termination of employment had occurred on that date. Under the terms of Mr. Grzebinski's stock option agreements, he would have to pay \$1,805,089 to purchase the option shares. Accordingly, the maximum value of the accelerated vesting of the 35,235 option shares would have been \$538,038 (\$66.50 per share value on December 31, 2016, multiplied by 35,235 shares minus \$1,805,089, the aggregate price of the options). All other options held by Mr. Grzebinski on December 31, 2016 have an exercise price higher than the Company's closing market price of \$66.50 per share on December 31, 2016.

Mr. Grzebinski had 41,564 shares of restricted stock that were not vested as of December 31, 2016. If a change in control and qualifying termination of employment had occurred on that date, the 41,564 shares would have become fully vested. The maximum value of the accelerated vesting of Mr. Grzebinski's restricted stock would have been \$2,764,006 (\$66.50 per share value on December 31, 2016, multiplied by 41,564 restricted shares).

On December 31, 2016, Mr. Grzebinski would have become entitled to payments under previously granted performance awards of \$766,334 if a change in control had occurred on that date.

***C. Andrew Smith***

Mr. Smith's options to purchase an aggregate of 8,970 shares of common stock would have become fully exercisable on December 31, 2016 if a change in control and qualifying termination of employment had occurred on that date. Under the terms of Mr. Smith's stock option agreements, he would have to pay \$459,533 to purchase the option shares. Accordingly, the maximum value of the accelerated vesting of the 8,970 option shares would have been \$136,972 (\$66.50 per share value on December 31, 2016, multiplied by 8,970 shares minus \$459,533, the aggregate price of the options). All other options held by Mr. Smith on December 31, 2016 have an exercise price higher than the Company's closing market price of \$66.50 per share on December 31, 2016.

Mr. Smith had 13,073 shares of restricted stock that were not vested as of December 31, 2016. If a change in control and qualifying termination of employment had occurred on that date, the 13,073 shares would have become fully vested. The maximum value of the accelerated vesting of Mr. Smith's restricted stock would have been \$869,355 (\$66.50 per share value on December 31, 2016, multiplied by 13,073 restricted shares).

On December 31, 2016, Mr. Smith would have become entitled to payments under previously granted performance awards of \$195,066 if a change in control had occurred on that date.

***Christian G. O Neil***

Mr. O Neil's options to purchase an aggregate of 24,575 shares of common stock would have become fully exercisable on December 31, 2016 if a change in control and qualifying termination of employment had occurred on that date. Under the terms of Mr. O Neil's stock option agreements, he would have to pay \$1,470,707 to

purchase the option shares. Accordingly, the maximum value of the accelerated vesting of the 24,575 option shares would have been \$163,530 (\$66.50 per share value on December 31, 2016, multiplied by 24,575 shares minus \$1,470,707, the aggregate price of the options). All other options held by Mr. O Neil on December 31, 2016 have an exercise price higher than the Company's closing market price of \$66.50 per share on December 31, 2016.

Mr. O Neil had 28,088 shares of restricted stock that were not vested as of December 31, 2016. If a change in control and qualifying termination of employment had occurred on that date, the 28,088 shares would have become fully vested. The maximum value of the accelerated vesting of Mr. O Neil's restricted stock would have been \$1,867,852 (\$66.50 per share value on December 31, 2016, multiplied by 28,088 restricted shares).

***Joseph H. Reniers***

Mr. Reniers' options to purchase an aggregate of 24,575 shares of common stock would have become fully exercisable on December 31, 2016 if a change in control and qualifying termination of employment had occurred on that date. Under the terms of Mr. Reniers' stock option agreements, he would have to pay \$1,470,707 to purchase the option shares. Accordingly, the maximum value of the accelerated vesting of the 24,575 option shares would have been \$163,530 (\$66.50 per share value on December 31, 2016, multiplied by 24,575 shares minus \$1,470,707, the aggregate price of the options). All other options held by Mr. Reniers on December 31, 2016 have an exercise price higher than the Company's closing market price of \$66.50 per share on December 31, 2016.

Mr. Reniers had 28,088 shares of restricted stock that were not vested as of December 31, 2016. If a change in control and qualifying termination of employment had occurred on that date, the 28,088 shares would have become fully vested. The maximum value of the accelerated vesting of Mr. Reniers' restricted stock would have been \$1,867,852 (\$66.50 per share value on December 31, 2016, multiplied by 28,088 restricted shares).

### AUDIT COMMITTEE REPORT

The Audit Committee of the Board of Directors of the Company is responsible for monitoring the integrity of the Company's financial reporting, accounting procedures and internal controls. The Audit Committee is composed of four directors, all of whom are independent within the meaning of SEC and NYSE rules. The Audit Committee operates under a written charter adopted by the Board.

Management is primarily responsible for the Company's financial reporting process and internal controls. The Company's independent auditors are responsible for performing an audit of the Company's financial statements and issuing a report on the conformity of the financial statements with generally accepted accounting principles. The Company's independent auditors are also responsible for performing an audit of the Company's internal control over financial reporting. The Audit Committee is responsible for overseeing those processes.

The Audit Committee has reviewed and discussed the audited financial statements of the Company for the year ended December 31, 2016 with management and the independent auditors. The Audit Committee also (a) discussed with the independent auditors the matters required to be discussed by Auditing Standard No. 16, as adopted by the Public Company Accounting Oversight Board (the PCAOB), (b) received the written disclosures and letter from the independent auditors required by the PCAOB regarding the independent auditors' communications with the Audit Committee concerning independence and (c) discussed with the independent auditors their independence.

Based on the Audit Committee's review of the audited financial statements for the year ended December 31, 2016 and the Audit Committee's discussions with management and the independent auditors, the Audit Committee recommended to the Board of Directors of the Company that the audited financial statements be included in the Company's Annual Report on Form 10-K for the year ended December 31, 2016, which has been filed with the Securities and Exchange Commission.

AUDIT COMMITTEE  
Richard R. Stewart, *Chairman*  
Anne-Marie N. Ainsworth  
Richard J. Alario  
Barry E. Davis

**RATIFICATION OF THE AUDIT COMMITTEE'S SELECTION OF INDEPENDENT  
REGISTERED PUBLIC ACCOUNTING FIRM (PROPOSAL 2)**

The Audit Committee has selected KPMG LLP ( KPMG ) as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2017. KPMG served as the Company's independent accounting firm for 2016. Although the Audit Committee has the sole authority and responsibility to select and evaluate the performance of the independent accounting firm for the Company, the Board is requesting, as a matter of good corporate governance, that the Company's stockholders ratify the selection of KPMG for 2017.

**The Board of Directors of the Company unanimously recommends that you vote FOR the ratification of the selection of KPMG LLP as the Company's independent registered public accounting firm for 2017.**

Ratification of the selection of KPMG requires the affirmative vote of a majority of the shares represented at the meeting in person or by proxy. If the stockholders do not ratify the selection of KPMG, the Audit Committee will reconsider the selection. However, because of the difficulty and expense of changing independent auditors at this point in the year, the selection of KPMG will probably be continued for 2017 in the absence of extraordinary reasons for making an immediate change. If the stockholders do ratify the selection of KPMG, the Audit Committee will retain the authority to make a change if warranted in its judgment.

Representatives of KPMG are expected to be present at the 2017 Annual Meeting of Stockholders, with the opportunity to make a statement if they desire to do so, and are expected to be available to respond to appropriate questions.

**Fees Paid to the Independent Registered Public Accounting Firm**

The following table sets forth the fees billed by KPMG, the Company's independent registered public accounting firm, during the last two fiscal years:

	2016	2015
Audit Fees	\$ 1,368,000	\$ 1,324,000
Audit-Related Fees	4,000	
Tax Fees	32,000	52,000
 TOTAL	 \$ 1,404,000	 \$ 1,376,000

*Audit Fees* are fees for professional services rendered by KPMG for the audit of the Company's annual financial statements, audit of internal control over financial reporting, review of the Company's quarterly financial statements or services normally provided in connection with statutory or regulatory filings.

*Audit-Related Fees* are fees for assurance and related services reasonably related to the performance of the audit or review of the Company's financial statements.

*Tax Fees* are fees for professional services rendered by KPMG for tax compliance, tax advice and tax planning. Services performed by KPMG in this category for 2016 included the review of the Company's 2015 federal income tax return and tax consulting services.

Each engagement of the independent registered public accounting firm to perform audit or non-audit services must be approved in advance by the Company's Audit Committee or by its Chairman pursuant to delegated authority.



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**ADVISORY VOTE ON EXECUTIVE COMPENSATION (PROPOSAL 3)**

The Company is requesting your approval, on a non-binding advisory basis, of the compensation of the Company's named executive officers as disclosed and discussed under EXECUTIVE COMPENSATION on pages 14-31 of this Proxy Statement. We believe that our executive compensation:

is competitive as necessary to attract and retain qualified executives;

is appropriately tied to Company and individual performance;

is designed with both short-term and long-term business objectives of the Company in mind;

does not encourage excessive risk-taking by the Company's management; and

properly aligns the interests of management with those of the Company's stockholders.

For those reasons, we are asking you to approve the following resolution:

RESOLVED that the compensation of the Company's named executive officers as described under EXECUTIVE COMPENSATION in the Company's Proxy Statement for its 2017 Annual Meeting of Stockholders is approved.

Although the vote on approval of executive compensation is not binding, the Compensation Committee and the Board will consider the result of the vote in making future compensation decisions.

**The Board of Directors of the Company unanimously recommends that you vote FOR Proposal 3 approving the compensation of the named executive officers as disclosed in this Proxy Statement.**

**ADVISORY VOTE ON THE FREQUENCY OF ADVISORY VOTES ON EXECUTIVE  
COMPENSATION (PROPOSAL 4)**

The Company is requesting your vote, on a non-binding advisory basis, on whether an advisory vote on executive compensation should be held every one, two or three years. The Board recommends that the advisory vote on executive compensation be held every year. An annual vote will allow our stockholders to provide us with regular input on the important subject of executive compensation and allow the Company's Board and Compensation Committee to consider any issue of concern to stockholders as promptly as possible. Although the vote on the frequency of advisory votes on executive compensation is not binding, the Compensation Committee and the Board will consider the result of the vote in determining what the frequency will be.

**The Board of Directors of the Company unanimously recommends that you vote for a frequency of 1 Year on Proposal 4.**

**OTHER BUSINESS**

The Board knows of no other business to be brought before the Annual Meeting. However, if any other matters are properly presented, it is the intention of the persons named in the accompanying proxy to take such action as in their judgment is in the best interest of the Company and its stockholders.

**STOCKHOLDER PROPOSALS FOR 2018 ANNUAL MEETING**

Stockholder proposals must be received by the Company at its principal executive offices no later than November 15, 2017 to be considered for inclusion in the Company's proxy statement and form of proxy for the 2018 Annual Meeting of Stockholders.

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Under the Company's Bylaws, written notice (containing the information required by the Bylaws) of any stockholder proposal for action at an annual meeting of stockholders (whether or not proposed for inclusion in

the Company's proxy materials) must be received by the Company at its principal executive offices not less than 90 nor more than 120 days prior to the anniversary date of the prior year's annual meeting of stockholders and must be a proper subject for stockholder action.

BY ORDER OF THE BOARD OF DIRECTORS

THOMAS G. ADLER

*Secretary*

March 3, 2017

Houston, Texas

Using a **black ink** pen, mark your votes with an **X** as shown in this example. Please do not write outside the designated areas.

**Annual Meeting Proxy Card**

q PLEASE FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE. q

**A** Proposals The Board of Directors recommends a vote FOR all the nominees listed, FOR Proposals 2 and 3 and for every 1 Year on Proposal 4.

ion of tors:	<b>For Against Abstain</b>	<b>For Against Abstain</b>	<b>For Against Abstain</b>
Richard orio	02 - David W. Grzebinski	03 - Richard R. Stewart	
	<b>For Against Abstain</b>	<b>For Against Abstain</b>	
2. Ratification of the selection of KPMG LLP as Kirby's independent registered public accounting firm for 2017.		3. Advisory vote on the approval of the compensation of Kirby's named executive officers.	
	<b>1 Year 2 Years 3 Years Abstain</b>		
4.			

Advisory vote on the  
f r e q u e n c y o f  
advisory votes on  
e x e c u t i v e  
compensation.

**B** Non-Voting Items

**Change of Address** Please print new address below.

**C** **Authorized Signatures** This section must be completed for your vote to be counted. **Date and Sign Below**

Please sign exactly as name(s) appears hereon. Joint owners should each sign. When signing as attorney, executor, administrator, corporate officer, trustee, guardian, or custodian, please give full title.

Date (mm/dd/yyyy) Please print  
date below.  
/ /

Signature 1 Please keep signature  
within the box.

Signature 2 Please keep signature  
within the box.

q PLEASE FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN  
THE ENCLOSED ENVELOPE. q

**Proxy Kirby Corporation**

**55 Waugh Drive, Suite 1000**

**P.O. Box 1745**

**Houston, Texas 77251-1745**

**This Proxy is solicited on behalf of the Board of Directors of Kirby Corporation.**

The undersigned hereby appoints David W. Grzebinski, C. Andrew Smith, Ronald A. Dragg and Thomas G. Adler, and each of them, as Proxies, each with the power to appoint his substitute, and hereby authorizes each to represent and to vote, as designated below, all the shares of common stock, par value \$0.10 per share, of Kirby Corporation (the Company ) held of record by the undersigned as of the close of business on March 1, 2017, at the Annual Meeting of Stockholders to be held on April 25, 2017, at 55 Waugh Drive, 9th floor, Houston, Texas 77007 at 10:00 A.M. (CDT) and any adjournment(s) thereof.

**THIS PROXY, WHEN PROPERLY EXECUTED, WILL BE VOTED IN THE MANNER DIRECTED HEREIN BY THE UNDERSIGNED STOCKHOLDER(S). IF NO DIRECTION IS MADE, THIS PROXY WILL BE VOTED FOR THE PERSONS LISTED IN PROPOSAL 1. SHOULD ANY OF THEM REFUSE OR BECOME UNABLE TO ACCEPT ELECTION AS A DIRECTOR OF THE COMPANY, THE PROXY WILL BE VOTED FOR THE ELECTION OF SUCH PERSON OR PERSONS AS MAY BE NOMINATED OR DESIGNATED BY THE BOARD OF DIRECTORS. IF NO DIRECTION IS MADE, THIS PROXY WILL BE VOTED FOR PROPOSALS 2 AND 3 AND FOR 1 YEAR ON PROPOSAL 4. THE PROXIES WILL USE THEIR DISCRETION WITH RESPECT TO ANY OTHER MATTERS THAT PROPERLY COME BEFORE THE MEETING OR ANY POSTPONEMENT OR ADJOURNMENT OF THE MEETING.**

**PLEASE MARK, SIGN, DATE AND RETURN THIS PROXY PROMPTLY USING THE ENCLOSED ENVELOPE.**

**(Continued and to be signed on reverse side)**