

# **KIRBY CORPORATION CORPORATE GOVERNANCE GUIDELINES**

## **The Mission of the Kirby Corporation Board of Directors**

The Kirby Corporation Board of Directors (the "Board") represents the stockholders' interest in perpetuating a successful business and a healthy employee environment, while optimizing long-term financial returns. The Board is responsible for determining that the Company is managed in a manner designed to achieve this result. This is an active, not a passive, responsibility. The Board's responsibility is to monitor the effectiveness of Management policies and decisions, including the execution of its strategies. In discharging their responsibilities, Directors are expected to exercise their business judgment in a manner they reasonably believe to be in the best interests of Kirby and its stockholders.

In addition to its objective of increased stockholder value, the Board has responsibility to Kirby's customers, employees, creditors, suppliers and to the communities where it operates – all of whom are essential to successful business. All of these responsibilities, however, are founded upon the successful perpetuation of the business.

The Board will periodically review, evaluate and amend these Guidelines as it deems appropriate.

## **Guidelines on Significant Corporate Governance Issues**

### ***Selection and Composition of the Board***

#### *1) Board Membership Criteria*

The Governance Committee is responsible for reviewing with the Board, on an annual basis, the appropriate skills and characteristics required of Board members in the context of the current makeup of the Board. This assessment should include issues of independence (including compliance with the independence requirements of the New York Stock Exchange and any other applicable laws, rules or regulations), professional experience and educational background, as well as an understanding of the marine transportation business, the chemical and refining business, the diesel engine services business and corporate strategy and finance, all in the context of an assessment of the perceived needs of the Board at that point in time.

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2) *Selection and Orientation of New Directors*

The Board itself should be responsible for selecting nominees for director and recommending them for election by the stockholders. The Board delegates the screening process involved to the Governance Committee. The Governance Committee shall recommend to the Board nominees for election as Directors.

Management of the Company is responsible for developing and conducting an orientation program for new Directors that should include written materials concerning the business, operations and financial condition of the Company and governance of the Company, meetings with senior management and visits to Company facilities. In addition, management is responsible for advising the Board on an ongoing basis of significant changes in the Company's business and in assisting the Board in keeping abreast of developments in the areas of corporate governance and duties of directors, as well as in SEC and New York Stock Exchange rules.

3) *Director Resignation Policy*

In an uncontested election of directors, any incumbent director nominated for reelection who is not reelected by the requisite majority vote in accordance with Article II, Section 2 of the Bylaws of the Company shall promptly submit his or her resignation to the Board. The Governance Committee will consider the resignation and recommend to the Board the action to be taken with respect to the resignation. If a majority of the members of the Governance Committee failed to receive a sufficient vote for reelection in the same election, the remaining independent directors shall appoint a committee of directors from among themselves to consider the resignation and make a recommendation to the Board. Following the recommendation of the Governance Committee or other appointed committee, the Board will decide whether to accept or reject the resignation within 90 days after the date of the meeting of stockholders at which the election took place. The Governance Committee or other appointed committee and the Board may consider any factors they deem relevant in deciding whether to accept a director's resignation. A director whose resignation is under consideration shall not participate in the decisions of the Board or any committee of the Board with respect to such resignation. The Company will promptly disclose the Board's decision in a filing with the Securities and Exchange Commission, with an explanation of the reasons for rejecting the resignation, if applicable.

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## **Board Leadership**

### **4) *Selection of Chairman and Chief Executive Officer***

The Board should be free to make this choice in any way that seems best for the Company at a given point in time. Therefore, the Board does not have a policy on whether or not the role of the Chief Executive Officer and Chairman of the Board should be separate and, if the roles are to be separate, whether the Chairman should be selected from the non-employee Directors or be an employee.

## **Board Composition and Performance**

### **5) *Size of the Board***

It is the sense of the Board that a size of seven to eleven is the appropriate size for the Company.

### **6) *Mix of Inside and Outside Directors***

The Board believes that as a matter of policy, the Board should be composed of a majority of independent Directors. The Board is willing to have members of Management, in addition to the Chief Executive Officer, as Directors.

### **7) *Board Diversity***

The Board believes that achievement of diversity in business experience, professional expertise, gender and ethnic background among its members should be a consideration in the selection of nominees to serve as Directors of the Company.

### **8) *Former Chief Executive Officer's Board Membership***

The Board believes this is a matter to be decided in each individual instance.

### **9) *Directors Who Change their Present Job Responsibility***

It is the sense of the Board that individual Directors who change the principal occupation(s) they held when they were elected to the Board should submit a letter of resignation to the Board. However, it is not the sense of the Board that in every instance the Directors who retire or change from the principal occupation(s) they held when they came on the Board should necessarily leave the Board. There should, however, be an opportunity for the Board, with the advice of the Governance Committee, to review the continued appropriateness of

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Board membership under these circumstances and to determine whether to accept the resignation.

10) *Term Limits*

The Board does not believe it should establish term limits. While term limits could help ensure that there are fresh ideas and viewpoints available to the Board, they hold the disadvantage of losing the contribution of Directors who have been able to develop, over a period of time, increasing insight into the Company and its operations, and therefore, provide an increasing contribution to the Board as a whole.

11) *Retirement Age*

It is the sense of the Board that the current retirement age of 72 is appropriate. The Board may extend the current retirement age of a Director if it is deemed the Director provides unique value to the Board and the Company.

12) *Board Compensation*

Director compensation should be competitive with other companies of comparable size to support Kirby's objective of attracting and retaining qualified persons to serve on the Board. As a part of a Director's total compensation and to create a direct linkage with corporate performance, the Board believes that a meaningful portion of a Director's compensation should be provided in stock options. Directors who are employees of Kirby should not receive additional compensation for service as a Director.

13) *Executive Sessions of Outside Directors*

The non-management Directors of the Board will meet in regularly scheduled executive sessions without management. There will be a presiding Director at each session who will be selected by the non-management Directors or according to a procedure established by the non-management Directors. In addition, at least once a year, the independent Directors will meet in executive session.

14) *Assessing the Board's Performance*

The Governance Committee is responsible for conducting an annual evaluation of the Board which should include an evaluation of the performance of the full Board and evaluations of the performance of the Audit Committee, the Compensation Committee and the Governance Committee. The evaluations should be discussed with the full Board.

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The evaluations should be of the Board's or Committee's contribution as a whole and specifically review areas in which the Board, the Committee and/or Management believes a better contribution could be made. The purpose is to increase the effectiveness of the Board and Committees.

15) *Board's Interaction with Investors, Press, Customers, etc.*

The Board believes that Management speaks for the Company. Individual Board members may, from time to time at the request of Management, meet or otherwise communicate with various constituencies that are involved with the Company. If comments from the Company or the Board are appropriate, they should, in virtually all circumstances, come from the Chairman, the Chief Executive Officer, the Chief Financial Officer or the principal investor relations officer .

16) *Board Access to Management and Independent Advisors*

Board members have meaningful access to Management.

It is assumed that Board members will use judgment to be sure that this access is not distracting to the business operation of the Company and that any contact, if in writing, be copied to the Chief Executive Officer and the Chairman.

Furthermore, the Board encourages Management to, from time to time, bring managers into Board meetings who: (a) can provide additional insight into the items being discussed because of personal involvement in these areas, and/or (b) represent managers with future potential that the senior management believes should be given exposure to the Board.

In addition, the Board or any of its Committees may retain independent advisors at Company expense when necessary or appropriate to assist in the discharge of their responsibilities.

### ***Meeting Procedures***

17) *Selection of Agenda Items for Board Meetings*

The Chairman of the Board and the Chief Executive Officer will establish the agenda for each Board meeting. Each Board member is free to suggest the inclusion of item(s) on the agenda.

18) *Board Meetings*

The Board of Directors meets at least once a quarter, with special meetings held as required.

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19) *Attendance; Materials Distributed in Advance*

Directors are expected to attend Board meetings and meetings of Committees on which they serve and to devote the time and effort necessary to fulfill their responsibilities. Information relevant to matters to be considered at a Board or Committee meeting should be provided to Directors sufficiently in advance of the meeting to allow time for review before the meeting. Directors are also expected to attend the Annual Meeting of Stockholders of the Company.

20) *Board and Committee Presentations*

As a general rule, presentations on specific subjects should be sent to Board or Committee members in advance so that meeting time may be conserved and discussion time focused on questions that the Board or Committee has about the material. On those occasions on which the subject matter is particularly sensitive, the presentation will be made and discussed at the meeting.

**Committee Matters**

21) *Number, Structure and Independence of Committees*

The current Committee structure of the Company is appropriate. There will, from time to time, be occasions on which the Board may want to form a new Committee or disband a current Committee, depending upon the circumstances. The current four Committees are Audit, Governance, Compensation and Executive.

22) *Assignment of Committee Members*

The Governance Committee shall be responsible, after consultation with the Chief Executive Officer and the Chairman, for recommending the assignment of Board members to various Committees. All members of the Audit, Governance and Compensation Committees shall be independent Directors.

23) *Frequency and Length of Committee Meetings*

The Committee Chairman, in consultation with the Committee members, will determine the frequency and length of the meetings of each Committee.

24) *Committee Agenda*

The Chairman of each Committee, in consultation with the appropriate members of Management and staff, will develop the Committee's agenda.

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## ***Leadership Development***

### ***25) Formal Evaluation of the Chief Executive Officer***

The full Board, with the exception of the Chief Executive Officer, should make this evaluation annually, and it should be communicated to the Chief Executive Officer by the Chairman of the Board or a Director designated for such purpose.

The evaluation should be based on objective criteria including performance of the business, accomplishment of long-term strategic objectives and development of Management.

The evaluation will be used by the Compensation Committee in the course of its deliberations when considering the compensation of the Chief Executive Officer.

### ***26) Succession Planning***

There should be an annual report to the Board by the Chief Executive Officer of the Company on succession planning.

There should also be available, on a continuing basis, the Chief Executive Officer's recommendation as to a successor should the Chief Executive Officer be unexpectedly disabled.

### ***27) Management Development***

There should be an annual report to the Board by the Chief Executive Officer on the Company's program for Management development.

As amended through July 26, 2010.