KIRBY CORP
Form 11-K
June 21, 2013

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

FORM 11 K

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

þ ANNUAL REPORT PURSUANT TO SECTION 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2012

Or

o TRANSITION REPORT PURSUANT TO SECTION 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from ________ to ________

Commission file number 1 7615

KIRBY 401(k) PLAN

Kirby Corporation
55 Waugh Drive, Suite 1000
Houston, Texas 77007

KIRBY 401(k) PLAN

Index to Financial Statements and Supplemental Schedules

Supplemental schedules, other than those listed above, are omitted because of the absence of the conditions under which they are required.

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Report of Independent Registered Public Accounting Firm

The Plan Administrator
Kirby 401(k) Plan:

We have audited the accompanying statements of net assets available for benefits (modified cash basis) of the Kirby 401(k) Plan (the Plan) as of December 31, 2012 and 2011 and the related statements of changes in net assets available for benefits (modified cash basis) for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described in note 2, these financial statements and supplemental schedules were prepared on a modified cash basis of accounting, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Kirby 401 (k) Plan as of December 31, 2012 and 2011 and the changes in net assets available for benefits for the years then ended, on the basis of accounting described in note 2.

Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule H, part IV, line 4a – schedule of delinquent participant contributions (modified cash basis) for the year ended December 31, 2012 and supplemental schedule H, part IV, line 4i – schedule of assets (held at end of year) (modified cash basis) as of December 31, 2012 are presented for the purpose of additional analysis and are not a required part of the basic financial statements but are supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. These supplemental schedules are the responsibility of the Plan's management. The supplemental schedules have been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ KPMG LLP

Houston, Texas
June 21, 2013

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KIRBY 401(k) PLAN
Statements of Net Assets Available for Benefits
(Modified Cash Basis)
December 31, 2012 and 2011

	2012	2011
Assets:		
Investments, at fair value	$262,650,727	$233,547,287
Notes receivable from participants	16,566,507	15,459,669
Other receivables	318,868	138,512
Total assets	279,536,102	249,145,468
Liabilities:		
Other liabilities	—	180,910
Total liabilities	—	180,910
Net assets available for benefits before adjustment	279,536,102	248,964,558
Adjustment from fair value to contract value for fully benefit-responsive investment contracts	(1,290,733)	(942,690)
Net assets available for benefits	$278,245,369	$248,021,868

See accompanying notes to financial statements.

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KIRBY 401(k) PLAN

Statements of Changes in Net Assets Available for Benefits

(Modified Cash Basis)

Years Ended December 31, 2012 and 2011

	2012	2011
Additions to net assets attributed to:		
Contributions from participants	$17,627,877	$10,261,500
Contributions from employer	12,058,193	4,694,794
Rollover contributions	5,111,884	4,205,199
Dividend income	2,915,568	1,716,084
Interest income from participants' notes receivable	664,736	500,554
Net appreciation in fair value of investments	14,905,518	14,065,323
Total additions, net	53,283,776	35,443,454
Deductions from net assets attributed to:		
Benefits paid to participants	22,877,521	16,542,777
Investment counselor fees and other	182,754	144,298
Total deductions	23,060,275	16,687,075
Transfer of investments to the plan from the K-Sea Transportation, Inc. 401(k) Savings and Retirement Plan (note 1)	—	65,847,287
Transfer of investments to the plan from the United Engines, LLC 401(k) Plan (note 1)	—	11,212,961
Transfer of notes receivables from participants to the plan from the K-Sea Transportation, Inc. 401(k) Savings and Retirement Plan and United Engines, LLC 401(k) Plan (note 1)	—	3,991,080
Net increase	30,223,501	99,807,707
Net assets available for benefits, beginning of year	248,021,868	148,214,161
Net assets available for benefits, end of year	$278,245,369	$248,021,868

See accompanying notes to financial statements.

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KIRBY 401(k) PLAN
Notes to Financial Statements
(Modified Cash Basis)
December 31, 2012 and 2011

(1) Description of Plan

(a) General

The Kirby 401(k) Plan (the Plan) is a defined contribution 401(k) plan for the benefit of employees of Kirby Corporation (the Company) and certain subsidiaries. Each employee is eligible to join the Plan as of the first pay period following completion of three months of service and the attainment of age 18. Employees covered by collective bargaining agreements, the terms of which do not provide for participation in the Plan, are not eligible. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended (ERISA). Further information relating to the Plan's provisions is available in the Plan Document.

The United Engines, LLC (United) 401(k) Plan (the United Plan) and the K-Sea Transportation, Inc. (KTI) 401(k) Savings and Retirement Plan (the KTI Plan) were merged into the Plan, and all balances were transferred to the Plan effective December 21, 2011. Commencing December 21, 2011, former United and KTI Plan participants are subject to the same plan provisions as the Plan participants, except as noted below.

The prior KTI Plan covered all eligible employees of K-Sea Transportation Partners LP (K-Sea) and subsidiaries. On April 17, 2012, the Company changed the name of K-Sea to Kirby Offshore Marine, LLC ("KOM").

(b) Administration of the Plan

The general administration of the Plan is the responsibility of the Company (the plan administrator). The plan administrator has broad powers regarding the operation and administration of the Plan and receives no compensation for service to the Plan. All administrative expenses, unless paid by the Company at its discretion, are paid by the Plan. Bank of America, N.A. (Bank of America) is the trustee of the Plan.

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KIRBY 401(k) PLAN
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(Modified Cash Basis)
December 31, 2012 and 2011

(c) Contributions

The Plan provides for basic employee pretax contributions to the Plan of up to 3% of covered compensation as defined, and for additional employee pretax contributions to the Plan of up to 14% of covered compensation subject to the provisions of the Internal Revenue Code of 1986, as amended (the Code). Participants age 50 or older during the Plan year may also elect to make a "catch up" contribution, subject to certain Internal Revenue Service (IRS) limits ($5,500 in 2012 and 2011). The Company contributes matching employer contributions equal to 100% of basic employee pretax contributions. The Company does not match the additional employee pretax or catch-up contributions. Each participant directs his or her contributions and the Company's matching contributions between the investment funds offered by the Plan, including Company common stock.

Effective December 21, 2011, vessel based KOM employees whose employment is covered by a collective bargaining agreement receive a non-discretionary employer match of 100% of the first 2% of covered compensation, as defined by the Plan.

The Plan adopted a provision effective January 1, 2012 to allow the employer, at its discretion, to make an additional discretionary employer contribution for eligible employees equal to 5% of the employees covered compensation, as defined by the Plan. Eligible employees are employees of United and employees of KOM assigned the classification of Vessel Employee, Truck Driver or Shoreside Tankerman. On March 27, 2013, the Company made a discretionary contribution of $4,033,208 to the Plan for eligible United and KOM employees for the 2012 Plan year.

On March 13, 2012, the Company made a discretionary contribution of $3,090,298 to the Plan for eligible former employees of K-Sea under the provisions of the prior KTI Plan. The Company made an additional discretionary contribution of $1,586,355 to the Plan on July 2, 2012 for eligible former employees of K-Sea to complete its discretionary contributions under the prior KTI Plan.

The Plan allows the use of forfeited amounts to offset future employer matching contributions. Forfeitures from non-vested accounts of $595,622 and $291,918 were used to reduce the Plan's matching contributions in 2012 and 2011, respectively.

All employees hired or rehired are automatically enrolled at a 3% pretax contribution rate, unless otherwise elected by the participant. In addition, participants may contribute amounts representing rollovers from other qualified plans or from an individual retirement account.

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KIRBY 401(k) PLAN
Notes to Financial Statements
(Modified Cash Basis)
December 31, 2012 and 2011

(d) Benefits

Benefits payments are made to participants upon retirement or termination of employment (or to the beneficiary in the event of death) and are in the form of lump sum distribution payments. A participant may request a loan for up to the lesser of 50% of the participant's vested interest or $50,000, less the participant's highest outstanding loan balance during the preceding 12 months. Loans typically bear interest at prime rate plus 1%. Interest rates ranged from 4.25% to 10.25% at December 31, 2012. Loans outstanding at December 31, 2012 mature from January 8, 2013 through September 18, 2035. Loans outstanding upon a participant's termination of employment are considered deemed distributions if not repaid and are deducted from the participant's account balance prior to distribution. These amounts are taxed to the participant in the year of the participant's termination. Participants of any plan that was merged into the Plan who were previously eligible for an in-service withdrawal from their vested contributions after attaining 59 ½ years of age continue to be eligible for the same benefit for those balances that were transferred on the merger date.

The Plan requires automatic distribution of participant accounts upon termination without the participant's consent of amounts less than $5,000 and greater than $1,000. If the participant does not elect to have the amount paid directly to an eligible retirement plan or receive a distribution directly, then the Plan will pay the distribution to an individual retirement plan designated by the Plan administrator. Amounts less than $1,000 are paid directly to participants upon termination.

(e) Vesting

Participants are 100% vested in their participant contributions and rollovers, if any. Effective January 1, 2008, employer contributions for all employees hired on or after January 1, 2008 are subject to a six-year vesting schedule. Participants in the Plan hired on or prior to December 31, 2007 have an immediate and fully vested interest in the portion of the account relating to employer contributions and may, upon resignation from or discharge by the employer, withdraw their entire account balance. Forfeitures in the amount of $346,929 and $552,521 as of December 31, 2012 and 2011, respectively, were available to offset future employer contributions or plan administrative expenses at the discretion of the Company.

Employer contributions made to the prior United Plan are subject to a six-year vesting schedule based on the participant's United service date. As of December 31, 2011 forfeitures in the amount of $78,868 were available for reducing future Company matching contributions.

Employer contributions made to the prior KTI Plan are subject to a four or five-year vesting schedule, depending on the nature of the contribution, based on the participant's KTI service date. As of December 31, 2011, forfeitures in the amount of $356,451 were available for reducing future Company matching contributions.

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KIRBY 401(k) PLAN
Notes to Financial Statements
(Modified Cash Basis)
December 31, 2012 and 2011

(f) Plan Termination

Although it has not expressed any intent to do so, the Company has the right under the Plan to terminate the Plan subject to the provisions of ERISA. In the event of termination, the amounts credited to the accounts of participants will be distributed to the participants after payment of expenses for distribution and liquidation.

(g) Participant Accounts

Under the Plan, each participant's account is credited with the participant's contribution, the Company's matching contribution and an allocation of investment income (loss), net of administrative expenses. Investment income (loss) is allocated daily to participants. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

(h) Administrative Expenses

All administrative expenses, unless paid by the Company at its discretion, are paid by the Plan.

(2) Summary of Significant Accounting Policies

(a) Basis of Presentation

The accompanying financial statements have been prepared on the modified cash basis, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles, and is an acceptable method of reporting under Department of Labor regulations. The modified cash basis of accounting utilizes the cash basis of accounting while carrying investments at fair value and recording investment income (loss) on the accrual basis. Consequently, contributions are recognized when received rather than when earned, and expenses are recognized when paid rather than when the obligation is incurred. As of December 31, 2012, $159,038 of employee contributions had not been remitted to the trust and $1,962 of the employer contributions had not been remitted to the trust for the 2012 Plan year. As of December 31, 2011, $163,027 of employee contributions had not been remitted to the trust and all of the employer contributions had been remitted to the trust for the 2011 Plan year. As of December 31, 2012 and 2011, excess deferrals of $1,305 and $2,116, respectively, were held by the trust and distributed to participants subsequent to year end. Under U.S. generally accepted accounting principles, these amounts would have been reflected as accounts receivable and accounts payable, respectively.

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KIRBY 401(k) PLAN
Notes to Financial Statements
(Modified Cash Basis)
December 31, 2012 and 2011

(b) Use of Estimates

The preparation of financial statements requires Plan management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosure of contingent assets and liabilities, and changes therein. Actual results could differ from those estimates.

(c) Investment Valuation and Income Recognition

Investments in mutual funds and Company common stock are stated at fair value based on quoted market prices. Investments in common trust funds are stated at fair market value based upon quoted market prices of the underlying assets. Purchases and sales of investments are recorded on a trade date basis. Net appreciation (depreciation) in fair value of investments includes realized gains and losses on investments sold during the year as well as net appreciation (depreciation) of the investments held at the end of the year. Interest and dividend income is accrued in the period earned.

The accounting literature requires investment contracts held by a defined contribution plan to be reported at fair value. However, contract value (cost plus accrued interest) is the relevant measurement attribute for that portion of the net assets available for benefits of a defined contribution plan attributable to fully benefit-responsive investment contracts because contract value is the amount that participants would receive if they were to initiate permitted transactions under the terms of the Plan. Therefore, the statement of net assets available for benefits presents the fair value of the investment contracts as well as the adjustment of the fully benefit-responsive investment contracts from fair value to contract value. The statement of changes in net assets available for benefits is prepared on a contract value basis.

The Plan invests in investment contracts through The Invesco Stable Value Retirement Fund and The Merrill Lynch Retirement Preservation Trust Fund which are common trust funds that primarily invest in guaranteed investments contracts (“GICs”) and synthetic GICs and are presented at fair value as of December 31, 2012 and 2011. Effective February 19, 2011, the Plan transferred all balances in The Merrill Lynch Retirement Preservation Trust Fund to The Invesco Stable Value Retirement Fund.

(d) Notes Receivable from Participants

Notes receivable from participants represent loans that are recorded at their unpaid principal balance plus any accrued but unpaid interest.

(e) Benefit Payments

Payments to participants are recorded as the benefits are paid.

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(3) Investments and Investment Options

Each participant has the right to direct his or her contributions and the Company's matching contributions, once remitted, between the investment funds offered by the Plan. Descriptions of the Plan's investment fund options are included in the summary plan description provided to all eligible employees.

Participants may direct their investment contributions to the following investment funds: Invesco Stable Value Retirement Fund, Northern Trust Collective S&P 500 Index Fund, Northern Trust Collective All Country World ex-US Index Fund, Northern Trust Aggregate Bond Index Fund, American Beacon Small Cap Value Fund, American Funds Bond Fund of America, Blackrock FFI Treasury Fund, ING Global Real Estate Fund, Northern Multi-Manager Emerging Markets Equity Fund, Prudential Jennison Large Cap Growth Fund, TCW Small Cap Growth Fund, Thornburg International Value Fund, T. Rowe Price Equity Income Fund, T. Rowe Price Retirement 2010 Fund, T. Rowe Price Retirement 2015 Fund, T. Rowe Price Retirement 2020 Fund, T. Rowe Price Retirement 2025 Fund, T. Rowe Price Retirement 2030 Fund, T. Rowe Price Retirement 2035 Fund, T. Rowe Price Retirement 2040 Fund, T. Rowe Price Retirement 2045 Fund, T. Rowe Price Retirement 2050 Fund, T. Rowe Price Retirement 2055 Fund and Company common stock.

The Northern Trust Collective S&P 500 Index Fund and Northern Multi-Manager Emerging Markets Equity Fund were added in 2012.

The Merrill Lynch Equity Index Trust Fund and Northern Emerging Markets Equity Fund were removed in 2012.

Allocation to Company common stock is limited to fifty percent of each participant's portfolio. The limit is applied when participants direct the investment of future contributions and rebalance their entire portfolio.

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KIRBY 401(k) PLAN
Notes to Financial Statements
(Modified Cash Basis)
December 31, 2012 and 2011

The following presents investments that represent 5% or more of the Plan's net assets as of December 31:

2012:	
Invesco Stable Value Retirement Fund (contract value of $32,268,331)	$33,559,064
Prudential Jennison Large Cap Growth Fund	26,523,946
T. Rowe Price Equity Income Fund	25,524,575
Thornburg International Value Fund	18,674,954
American Funds Bond Fund of America	19,861,134
Blackrock FFI Treasury Fund	15,657,245
Northern Trust Collective S&P 500 Index Fund	19,327,908
Company common stock	49,109,227
2011:	
Invesco Stable Value Retirement Fund (contract value of $31,423,002)	$32,365,692
Prudential Jennison Large Cap Growth Fund	25,267,577
T. Rowe Price Equity Income Fund	22,132,370
Thornburg International Value Fund	18,492,372
American Funds Bond Fund of America	16,407,393
Blackrock FFI Treasury Fund	14,898,599
Merrill Lynch Equity Index Trust Fund	13,916,595
Company common stock	51,068,389

The Plan's investments (including realized gains and losses on investments bought and sold, as well as unrealized gains and losses on investments held during the year) appreciated in value as follows for the years ended December 31: