

*At Owens & Minor, we serve the healthcare industry with leading-edge medical and surgical supply distribution and supply chain management innovation. We lead by listening to our healthcare customers.*



LISTENING

## OUR COMPANY AT A GLANCE

*Owens & Minor, a leading distributor of medical and surgical supplies, has also made a name for itself as a technology leader and a supply chain solutions innovator. With a 2005 acquisition, the company now has a distribution channel that will allow it to follow the patient in the direct-to-consumer healthcare supply market.*



## MARKETS

OWENS & MINOR SERVES APPROXIMATELY 4,000 CUSTOMERS AROUND THE NATION. These healthcare providers include urban healthcare systems, rural hospitals, university-based teaching hospitals, the federal government, and the group purchasing organizations and national healthcare networks that represent them. In serving these customers from its 42 distribution centers nationwide, Owens & Minor works with approximately 1,000 suppliers to offer approximately 130,000 medical and surgical products. The market for traditional medical and surgical supply distribution is an estimated \$13 billion. Owens & Minor serves approximately one-third of this market. Following the 2002 launch of its OMSolutions<sup>SM</sup> team, Owens & Minor began offering healthcare providers supply chain management consulting and outsourcing services. With the January 2005 acquisition of Access Diabetic Supply (Access), a direct-to-consumer distributor of medical supplies, Owens & Minor has opened a channel to a rapidly growing \$4 billion diabetic supply market.



## GROWTH

OWENS & MINOR COMPLETED TWO STRATEGIC ACQUISITIONS in 2004, and a third in early 2005. With the acquisition of 5nQ, a clinical inventory management company, Owens & Minor added the company's innovative QSight™ inventory management tool and welcomed its talented leaders to OMSolutions<sup>SM</sup>. This innovative, Web-based software allows inventory managers in clinical specialty departments, such as radiology and catheterization labs, to accurately track and manage costly inventory. A second acquisition in 2004 brought HealthCare Logistics Services (HLS), a California-based health-care consulting firm, into the Owens & Minor family. The HLS team, including its founders, also joined OMSolutions<sup>SM</sup> and is contributing its expertise in supply chain management to the company's consulting and outsourcing efforts. With the January 2005 acquisition of Access, a Florida-based, direct-to-consumer, diabetic supply distributor, Owens & Minor will pursue the growing market for healthcare supplies distributed directly to patients at home. Access will operate as an independent company within the Owens & Minor family.



## INNOVATION

AMONG THE HIGHLIGHTS for Owens & Minor in 2004 was an innovative and award-winning partnership with the logistics support agency of the U.S. Department of Defense. Owens & Minor and the Defense Supply Center Philadelphia (DSCP), a field activity of the Defense Logistics Agency, worked together to build a "military air bridge" (MAB) from the U.S. to troops in the Middle East and Afghanistan. This project, created in only 30 days, reduced transport time for medical supplies from as many as 60 days to as few as three days. The MAB also improved visibility into the supply chain so that medical personnel could track supplies in transit, improving customer satisfaction, along with delivery performance. In 2004, Owens & Minor also used an innovative logistics solution, the integrated service center, to serve Iowa Health System and the University of Utah Hospitals and Clinics. In both cases, Owens & Minor is providing specialized outsourced distribution services in these dedicated centers combining both direct from manufacturer and distributed supplies. The goal is to help these customers improve efficiency, while lowering overall supply chain costs.

## COMPANY OVERVIEW

Owens & Minor, Inc., a FORTUNE 500 company, is the leading distributor of national name-brand medical and surgical supplies and a healthcare supply chain management company. For 2004, the company reported revenues of more than \$4.5 billion and net income of \$60.5 million. With a diverse product and service offering, the company uses its nationwide distribution centers to serve hospitals, integrated healthcare systems, alternate care locations, group purchasing organizations and the federal government. The acquisition of Access Diabetic Supply (Access) in January 2005 extended Owens & Minor's reach into the patient's home. Access is a leader in the rapidly growing direct-to-consumer, diabetic supply market.

Beyond healthcare products, Owens & Minor provides technology and consulting programs that enable healthcare providers to maximize efficiency and cost-effectiveness in materials purchasing. These services also enable users to improve inventory management and streamline logistics across the entire medical supply chain, from the origin of the product to the patient's bedside. In searching for innovative ways to serve customers, Owens & Minor also has made a name for itself in the development and use of technology.

Founded in Richmond, Virginia in 1882, Owens & Minor has created an enduring culture that focuses on customer service, integrity and social responsibility. The company believes in treating its teammates well, and they, in turn treat customers, suppliers and business partners with superior service. The team at Owens & Minor starts every day with a focus on business integrity, using the insight gained from a century in healthcare to create the innovation that distinguishes the company.

Owens & Minor common shares are traded on the New York Stock Exchange under the symbol OMI. As of December 31, 2004, there were approximately 39.5 million common shares outstanding. Visit the company's Web site at [www.owens-minor.com](http://www.owens-minor.com).

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## COVER

Owens & Minor has distinguished itself in the healthcare marketplace by establishing close relationships with its customers, suppliers and business partners.

Owens & Minor uses a combination of integrity, insight and innovation to serve customers and create value for them. In response to customer need, the company has developed award winning technology solutions, supply chain management innovations, and consulting services. At Owens & Minor, we lead by listening.

## FINANCIAL HIGHLIGHTS

*(in thousands, except ratios, per share data and teammate statistics)*

| Year ended December 31,  |                    |             |             | Percent Change |          |
|--|--------------------|-------------|-------------|----------------|----------|
|  | 2004               | 2003        | 2002        | 04/03          | 03/02    |
| Revenue  | <b>\$4,525,105</b> | \$4,244,067 | \$3,959,781 | 6.6%           | 7.2%     |
| Net income <sup>(1)</sup>  | <b>\$ 60,500</b>   | \$ 53,641   | \$ 47,267   | 12.8%          | 13.5%    |
| Net income per common share – basic  | <b>\$ 1.55</b>     | \$ 1.52     | \$ 1.40     | 2.0%           | 8.6%     |
| Net income per common share – diluted  | <b>\$ 1.53</b>     | \$ 1.42     | \$ 1.27     | 7.7%           | 11.8%    |
| Cash dividends per common share  | <b>\$ 0.44</b>     | \$ 0.35     | \$ 0.31     | 25.7%          | 12.9%    |
| Book value per common share at year-end  | <b>\$ 11.65</b>    | \$ 10.53    | \$ 7.96     | 10.6%          | 32.3%    |
| Stock price per common share at year-end   | <b>\$ 28.17</b>    | \$ 21.91    | \$ 16.42    | 28.6%          | 33.4%    |
| Number of common shareholders  | <b>12.5</b>        | 13.5        | 13.1        | (7.4%)         | 3.1%     |
| Shares of common stock outstanding   | <b>39,519</b>      | 38,979      | 34,113      | 1.4%           | 14.3%    |
| Gross margin as a percent of revenue   | <b>10.2%</b>       | 10.3%       | 10.5%       |                |          |
| Selling, general and administrative expenses<br>as a percent of revenue <sup>(1)</sup> | <b>7.5%</b>        | 7.5%        | 7.7%        |                |          |
| Operating earnings as a percent of revenue <sup>(1)</sup>                              | <b>2.4%</b>        | 2.5%        | 2.6%        |                |          |
| Long term debt   | <b>\$ 207,476</b>  | \$ 209,499  | \$ 240,185  | (1.0%)         | (12.8%)  |
| Mandatorily redeemable preferred securities  | —                  | \$ —        | \$ 125,150  | —              | (100.0%) |
| Average inventory turnover   | <b>9.9</b>         | 10.3        | 9.6         |                |          |
| Teammates at year-end  | <b>3,392</b>       | 3,245       | 2,968       | 4.5%           | 9.3%     |

(1) In 2002, the company recorded a charge of \$3.0 million, or \$1.8 million net of tax, due to the cancellation of the company's contract for mainframe computer services. This charge was included in selling, general and administrative (SG&A) expenses.

**Net Sales**  
*(in billions)*



**Dividends**



**Diluted EPS**



**OMI Cumulative Total Return\***  
*(through 12/31/2004)*



\* Total returns for 1 year, 3 year and 5 year as shown  
Source: Standard & Poor's



G. Gilmer Minor, III, *Chairman, CEO and Coach*

For the first time we are breaking the shareholder letter into two parts. I will report on our position in the industry and the state of the company, as well as other matters pertaining to the board of directors. In a separate letter in this report, Craig Smith, President and Chief Operating Officer, will focus on the results for the year, our strategic plan and future direction, and changes that are taking place in and around the organization.

#### STATE OF THE INDUSTRY

By any standard, healthcare is a growth industry. People may debate the degree of growth, whether growth is good or bad, or what the financial implications are to all of us. But, our population is growing older, and older people just require more medical attention.

I believe this phenomenon has begun to take place. I am hearing about more hospitals being at capacity more often, with emergency rooms over-worked and overburdened, and patients who need to stay in the hospital are sicker and stay longer. Surgeries, a bellwether for hospital activity, continue to increase, especially outpatient procedures.

There are many organizations and people working on the financial issues in the healthcare industry, which

won't be solved easily or quickly. It will take all of us in healthcare, coming together, each of us willing to give up something and each of us willing to examine the whole picture, not just our individual interests. It will take bold leadership to get us there.

Intermediate and long-term care has been shifting to alternative sites for some time now. More and more patients will be treated at home, more comfortably, and at less cost. Makes sense! Our strategic direction of following the patient through the continuum of care is right on target for the opportunity ahead. I really like how we are positioned. The key for Owens & Minor will be to utilize our talents and expertise to earn an increasing share of this growth, and do so profitably. That is our goal. We have our eye clearly on that ball.

#### STATE OF THE COMPANY

We are the market leader for distributing brand name medical and surgical supplies to hospitals in the country. The traditional med/surg market potential is approximately \$13 billion, and with our \$4.5 billion in revenue we have a market share of approximately one third. We also believe there is another \$12 – 13 billion of sales opportunity in products that are not currently sold through traditional distribution. Our plans and programs are geared to tapping that potential, as well as growing our traditional business.

People like to do business with organizations they trust. We have a reputation in the industry for our integrity, dependability, consistency and doing what we say we are going to do. These characteristics are part of our culture, and our culture helps make us a great company to work for and do business with.

The vitality and innovation of our teammates never ceases to amaze me. There is a sense of urgency to continually reinvent our value proposition to our customers and suppliers every three to five years to make sure we are in touch with market trends. We are willing to try new things, such as OMSolutions<sup>SM</sup>; to go in different directions, such as our recent acquisition of Access Diabetic Supply; and to reach out to non-traditional partners, such as our technology partnership with Perot Systems, to create value for our shareholders.

We have a strong balance sheet made stronger every year by outstanding asset management. We have a well-documented track record of success in managing our inventory and receivables, which has allowed us to minimize our debt and generate positive cash flow from operations. Our debt to capitalization ratio was 31.1% as of the end of 2004, which has improved compared to five years ago when our debt to capitalization ratio was

62.7%\*. Cash flow generation has been a positive feature for us over the last five years generating an average of \$36.8 million in cash flow from operations per year.

Our technology proposition, both internally and for our customers, is leading edge and noted as such by the number of awards we have been given. For two of the past five years, InformationWeek magazine has named us #1 out of 500 companies for being the most innovative user of technology in America. Our partnership with Perot Systems has given us the capability to provide solutions to help lower health care costs for our customers. Perot is critical to our success and we value highly our partnership.

We've also given our shareholders an excellent total return on their investment. For the past five years the cumulative total return on our stock has been 242.3% compared to the S&P 500's five year total return of -11.0%. Included in our total return has been an aggressive dividend policy accentuated by dividend increases of 25.7% for 2004, and 18.2% for the first quarter 2005.

The state of the company is sound; our position in the industry sector we serve is strong and improving; and we know where we are going, how to get there, and we have the team in place to make it happen.

## TRANSITIONS

**Henry A. Berling**, Executive Vice President, retired from the company on December 31, 2004, and will step down as a director this April. He has been a quiet, effective leader who has set a positive example for doing whatever it takes to get the job done right. He has been instrumental in the success of the company for each of the 38 years he has been a part of it. Thank you, Henry, for all you have meant to Owens & Minor and to me personally.

**Craig R. Smith**, President and Chief Operating Officer, has been nominated for the board of directors. Craig came to the company in 1989 as a result of an acquisition on the West Coast, moved east in 1992, and has been a key figure in the success of the company since then. He was promoted to President and Chief Operating Officer in 1999, and has had his hand on the throttle ever since.

**Vernard W. Henley** is retiring from the board after 12 years of faithful service. He has been a steadfast, dependable, insightful leader amongst his peers and a staunch advocate for our shareholders. He has seen us through many ups and downs but has always been there with his good advice and wise counsel. I am grateful to you, Vern, for your outstanding service to Owens & Minor.

**Eddie N. Moore, Jr.**, President of Virginia State University (VSU) in Petersburg, Virginia, has been

nominated to join our board of directors. He comes to us with a strong background in finance having been the Commonwealth of Virginia's treasurer. His leadership and vision at VSU since 1993 have been exemplary in every respect. He will make an excellent director.

**J. Alfred Broaddus, Jr.**, former President of the Federal Reserve Bank of Richmond, was elected to our board of directors on August 1, 2004 immediately after his retirement from the bank. Al has great leadership skills also and an unparalleled sensitivity to the financial markets and monetary policy. He has been a very effective director. Al is on the ballot in the proxy for you to confirm the board's actions last August.

## A NEW HOME

In the first quarter of 2006, we plan to move into a new home office building fairly close to where we are now. We have been in our present location since 1989 and have enjoyed it immensely. But, we have outgrown our space to the extent that almost half of our team is across the street in a separate building. We all want to be together and that is the primary impetus behind this move.

In the new building, we will expand the space for Owens & Minor University (OMU) for our teammate training and development. We will also have a cafeteria for the first time ever. This might seem to be a small thing, but having a cafeteria will be a great convenience for us, great for visitors, and will provide an oasis for our hardworking teammates. Our partner, Perot Systems, will have its own space in the new building, whereas now they are across the street from our current location. We will also have a fitness center to promote better health habits amongst our teammates. Our goal is to have the April 2006 Annual Meeting of Shareholders in our new quarters. I will keep you posted on future developments.

In closing, thank you for your loyalty to and support of Owens & Minor in 2004. Please come to our annual meeting on Thursday, April 28, 2005 to meet our teammates, as well as our management.

Warm Regards,



**G. Gilmer Minor, III**

*Chairman, CEO and Coach*

\* Includes mandatorily redeemable preferred securities as debt.



Craig Smith, *President and Chief Operating Officer*

In 2004, we made progress on our new strategies, while improving our sales and doing an excellent job managing our expenses. We are very proud of our sales teammates and our field organization, who worked together to grow revenue by 6.6% in 2004. We also reported a 12.8% improvement in net income and a 7.7% increase in diluted earnings per share. Asset management was also a high note for us in 2004, as we reported a very low “days sales outstanding” of 26.5 days as of December 31, 2004. Our financial performance in 2004 came on top of a very strong year in 2003. We consider our final results for the year to be solid, but we do see room for improvement in the inventory management area. In the past year, we focused on investing in and growing our core business, which is very healthy. We invested in OMSolutions<sup>SM</sup>, people, technology and acquisitions, and we increased our presence in the healthcare supply chain with the acquisition of Access Diabetic Supply, a direct-to-consumer distributor of healthcare products.

Every day we assist our customers in improving their operations through CostTrack<sup>SM</sup>, our activity based pricing model; MediChoice<sup>®</sup>, our private label line; and through our Focus<sup>TM</sup> program, which aligns

customers with our most efficient manufacturers. We made strong progress with CostTrack<sup>SM</sup> in 2004, and we grew our MediChoice<sup>®</sup> program at a fast pace. These are some of the tactics we use every day to demonstrate our value to our customers.

Last year, in order to strengthen our efforts in the field, we created a four region structure across the nation, promoting four of our top leaders to Regional Vice President. We then asked our long-time, teammate-leader Scott Perkins to serve as Senior Vice President of Sales & Distribution to oversee these four regions. Over the next year, we plan to use this field structure to strengthen accountability to our customers and improve our already outstanding customer satisfaction results.

A big success story for us this year was the accelerating use of Owens & Minor University (OMU) by our teammates for learning, knowledge sharing and cross-training. In the year ahead, we will continue to invest in training our teammates through OMU. Collectively, our teammates have taken more than 7,500 classes in leadership, ethics, finance, sales and management since we opened the doors of OMU. With these classes, we are training our teammates to serve our loyal customers to the best of their ability every day.

Our new Six Sigma effort was successful in improving and adopting several new processes that will help us streamline old procedures, eliminate redundancy in our efforts, and improve or eliminate old technology. This small, but very effective, group is looking for ways to make internal process improvements that deliver real financial results.

OMSolutions<sup>SM</sup> grew dramatically in 2004. We added new programs and services to the effort, offering new ideas and new solutions to our customers. Our first acquisition in 2004 of a company called 5nQ, a small clinical inventory management solutions company, brought us a superior technology tool called QSight<sup>TM</sup>, which helps our customers track, manage and utilize costly inventory in the clinical areas of the hospital. The two principals of this company, Thad McKrell and David Vanker, joined Owens & Minor and continue to expand the capabilities of QSight<sup>TM</sup> and market it to our customers around the nation.

In late 2004, we acquired HealthCare Logistics Services, (HLS), a California-based company led by Ron Denton and Scott Watkins. This new team brought experienced consultants and new services to OMSolutions<sup>SM</sup>, strengthening our team nationwide and bringing new skills to the entire OMSolutions<sup>SM</sup> effort.



Financially, we did not meet our goals for OMSolutions<sup>SM</sup>. However, by cooperating and coordinating with our core business sales team, OMSolutions<sup>SM</sup> helped bring on seven new competitive accounts. Without this combined effort and new approach, it would have been difficult to secure this significant new business.

We are also starting to see some progress in our Third Party Logistics effort through OMSolutions<sup>SM</sup>. In 2004, we added a new concept, the Integrated Service Center, to our roster of services, managing our customers' warehousing, transportation and distribution needs. This will give Owens & Minor the capability to manage all direct shipments, plus traditional distribution, for our larger customers.

Traditionally at Owens & Minor, we have always provided services to hospitals. In recent years, however, we have developed a strategy of "following the patient." With the acquisition of Access Diabetic Supply (Access), a direct-to-consumer distributor of medical supplies, we can now follow patients as they consume an increasing volume of medical supplies at home. The principals of this Florida-based company, Dave Wallace, Tim Stocksdale, and F.M. Byers, along with all the Access teammates, are committed to customer satisfaction with the highest degree of integrity and ethics, and we welcome them into the Owens & Minor family.

In 2005, we will lead by listening to our customers, teammates and suppliers. From the insight we gain from these constituents, we will develop and deliver new ways to serve our customers, ensuring that we meet or exceed our 2004 customer satisfaction rating of 98%. We will continue to work with key suppliers such as Tyco, Johnson & Johnson, Kimberly-Clark and 3M to improve our operations, allowing us to reduce our costs. Our supplier relationships have helped us to build our business and improve our processes.

Looking ahead, OMSolutions<sup>SM</sup> will continue to design and bring to market services for our hospitals, which will help them improve inventory, labor and storage costs. Our goal is to have OMSolutions<sup>SM</sup> contribute to the overall success of the company – strategically, tactically and financially. In the coming year, Access will continue to serve patients outside the hospital, and will seek new customers who need supplies to manage chronic illness at home.

Our biggest challenge and our biggest opportunity in 2005 is to continue to foster a culture that has endured at Owens & Minor since 1882, a culture of integrity, ethics, honesty, teamwork and customer satisfaction. We have grown dramatically in recent years as a result of our culture and team approach to customer service. As we add new teammates, we know

that we must continue to nurture the culture that has allowed us the success we have enjoyed. But more importantly, our culture ensures that we always focus on the right way to treat our customers, teammates, business partners and shareholders. Owens & Minor has always focused on success over the long haul, rather than on short-term results.

To our customers, suppliers and business partners, thank you for helping to make this a great year for Owens & Minor. Also, I want to thank our teammates for all they accomplished in 2004. We made significant headway on our strategy, we made the core business stronger, and we invested in OMU, which has a direct impact on our teammates and our ability to serve our customers. Our loyal and dedicated teammates work hard every day to serve our customers and make Owens & Minor stronger, and for that we are very grateful. With their help, we are well-positioned to tackle the year ahead.

Very sincerely,



**Craig R. Smith**

*President & Chief Operating Officer*

*A Conversation with Craig Smith – President and Chief Operating Officer*

**Q** *What is most important to your customers today?*

**A** Our customers continue to ask for the right product, at the right price, at the right place, at the right time. In this respect, our customers' needs haven't changed all that much in 122 years. Today, however, our customers also want a partner who is innovative and flexible with programs and services that can be tailored according to need. Our customers today are asking for help with inventory management, labor reduction and process improvement. We respond with tools, such as CostTrack<sup>SM</sup>, WISDOM<sup>SM</sup> and QSight<sup>TM</sup>, that are easy to use and provide great insight into a customer's supply chain. The need for information, process improvement and cost reduction remains a priority for our customers today.

**Q** *What contribution did Owens & Minor University (OMU) make this year?*

**A** Our effort to educate and train our teammates through OMU has been a real success story for us. We launched the initiative in 2002, and to date teammates cumulatively have taken more than 7,500 classes through this in-house university. We offer classes in finance, sales, ethics, leadership and management. The classes are helping us to cross-train teammates and to transfer knowledge from one distribution center to the other. We are also proud that we are able to offer our teammates an avenue for development and career growth.

**Q** *Are your customers increasingly focused on price?*

**A** Over the last five years, the healthcare industry has come under new pressures to cut costs. Consequently, customers and suppliers have turned to us to help remove cost from the medical supply chain. We responded with techniques such as CostTrack<sup>SM</sup>, our activity-based management approach, which helps customers uncover the true cost of distribution. We know that price is a component for our customers, but they increasingly see that process offers the best opportunity for improvement.

**Q** *What is your strategy for margin in the year ahead?*

**A** In the coming year, we will work on margin from a number of fronts. We plan to continue our focus on growing profitable sales, which yielded positive results in 2004. We will continue to work on maintaining our customer margin and improving contract compliance, and we plan to grow MediChoice<sup>®</sup>, our private label line, which has proven very successful. Turning to our suppliers, we will continue to work with our most efficient partners, which helps us grow revenue and improve productivity in our warehouses. We will continue to work with customers to improve their efficiency, and thus our profitability. We continue to believe that activity-based-pricing through CostTrack<sup>SM</sup> is the most efficient way to price our services and improve our margins. We had good success in 2004 with adding to our CostTrack<sup>SM</sup> customer base and will continue efforts to bring customers onto this system.

**Q** *Why are you focusing on efficiency initiatives?*

**A** Efficiency for a distributor is key. We know that by controlling the number of products in our warehouses, optimizing warehouse space, providing efficient transportation, and effectively cross-training our teammates, we can improve efficiency and cut costs for our customers and still maintain excellent customer service. This is an area where we add value to what we offer our customers.

**Q** *How did your acquisitions in 2004 and early 2005 complement your strategy?*

**A** We have completed three acquisitions in the last year, which brought us new talent, innovative software, and finally a new market opportunity and customer base. Strategically speaking, the acquisitions of 5nQ and HLS quickly gave us an advantage in clinical inventory management, while strengthening our consulting efforts. As we have always done in the past, we welcome new ideas, talent and teammates to Owens & Minor. The acquisition of Access Diabetic Supply has opened a door to a new growth market for us. Our strategic goals include: expanding into new markets in healthcare, developing new customers, and following the patient. These three acquisitions fit the bill.

**Q** *As Owens & Minor continued to invest in its strategic business initiatives in 2004, how did you hold the line on expenses as a percent of revenue?*

**A** We worked very hard in 2004 to monitor our spending and make smart investments in our future. I salute our teammates for working so efficiently and cost-effectively. Holding the line on our expenses as a percent of revenue in 2004, while we continued to invest in our future, was a solid achievement for the whole team. In 2005, expense control will remain an important focus for us.

**Q** *What is the real secret to your success at Owens & Minor?*

**A** Our most important asset at Owens & Minor is our teammates, who come to work every day, intent on offering superior customer service and doing business with the highest degree of integrity. I should also add that we have some real innovators in our ranks, and they aren't afraid to propose new solutions and try new techniques. Our goal at Owens & Minor is to field the best-trained, best educated teammates every day.

**Q** *Why does the Owens & Minor culture differentiate you from other companies? Why does that provide a competitive difference?*

**A** We talk a lot about our culture at Owens & Minor, and we do that for a very important reason. Our culture is focused on the well-being of our customers, our suppliers, our business partners, our teammates and our communities. From the leadership of Gil Minor, our Chairman & CEO, we have all learned that adhering to a code of ethical business behavior, and treating our customers and each other with respect, will result in positive results for our company and our shareholders. And you know, Gil is right.

WE BELIEVE IN **INTEGRITY** AS THE  
GUIDING PRINCIPLE OF DOING BUSINESS.

AS WE GROW OUR BUSINESS and look toward the future in health-care, we hold fast to the principle of conducting our business with integrity. This principle applies not only to the quality and consistency of our systems, but also to our commitment to customers and our personal and professional ethics. At Owens & Minor, we place a high priority on the well-being of our customers, our teammates and the communities we serve, and on doing business with the highest ethical standards.

*"Integrity is being honest with yourself and others, and knowing the difference between right and wrong; and then, acting honorably on that knowledge. Integrity is a way of life at Owens & Minor, and it feels good."*

G. Gilmer Minor, III  
Chairman and  
Chief Executive Officer

*teammates listed left to right*

Frank Goare  
Manager  
Financial Planning & Analysis

Leslie Barrett  
Category Manager

Corky Biller  
Manager  
Corporate Operations

Craig BeVier  
Manager  
HR Learning & Development



WE BELIEVE IN SUPPORTING THE **COMMUNITIES** WE SERVE.

CONDUCTING OUR BUSINESS WITH INTEGRITY also means that we extend a helping hand to the communities we serve. Our volunteer council, donations committee and teammates nationwide all open their hands and hearts to those in need in our communities. In 2004, many of our teammates went beyond the call of duty to help customers in the Southeast cope with four hurricanes. Our teammates also donated time, money and energy to many volunteer organizations around the nation. And, in order to fulfill our mission of acting in a socially responsible manner, we have made a serious and successful commitment to mentoring minority and women-owned businesses.

*"At Owens & Minor, we know that encouraging, mentoring and promoting our minority partners is the right thing to do. We believe in supporting the communities we serve. In making it possible for our business partners to succeed, we succeed."*

Angela Wilkes  
Director  
Diversity

*"Owens & Minor has mentored us along the way, making it possible for Kerma Medical to succeed in an arena with much larger players. Our relationship with Owens & Minor is mutually beneficial, as we are a reliable source of supply for its private label products, while, in turn, we are a core minority-owned supplier for them."*

Joyce Kershaw  
President  
Kerma Medical Products, Inc.




WE HAVE DEVELOPED UNMATCHED **INSIGHT**  
INTO THE HEALTHCARE SUPPLY CHAIN.

WITH 122 YEARS OF EXPERIENCE in healthcare, we have developed unmatched insight into the medical and surgical products supply chain. Serving our healthcare customers, from large hospital systems to small rural facilities, has given us a thorough understanding of the day-to-day factors that drive cost in the healthcare supply chain. These factors include product selection, order accuracy, timing of deliveries, warehouse efficiency and information management. Because our systems and processes give us extraordinary visibility into the supply chain, we can help our customers and supplier partners with critical business decisions, such as inventory management and demand forecasting.

Ken Russell  
*Operating Vice President  
Process Excellence*

Leslie Barrett  
*Category Manager*

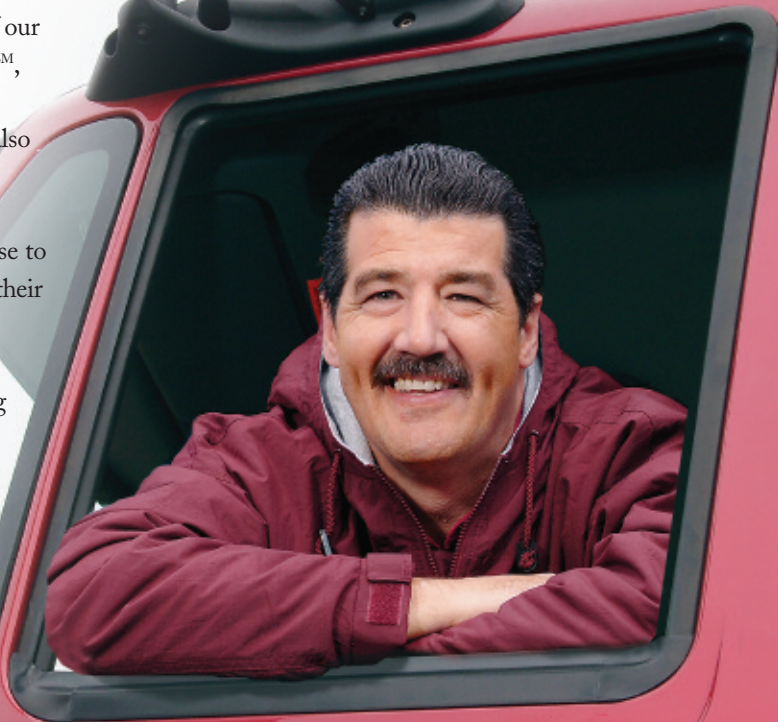


Gathering data is important, but developing real insight comes from experience in the field, the ability to analyze information, and the creativity to put it all together. This is where Owens & Minor makes a real difference in the healthcare market.

WE **SHARE** OUR INSIGHT WITH CUSTOMER-FRIENDLY TECHNOLOGY AND ADVANCED SUPPLY CHAIN MANAGEMENT TECHNIQUES.

WE HAVE TAKEN OUR KNOWLEDGE and used it to develop customer-centered solutions that streamline processes and improve cost. Our understanding of the cost of each step of the supply chain led to the development of CostTrack<sup>SM</sup>. More than one third of our revenue now comes from customers using CostTrack<sup>SM</sup>, and we are seeing industry adoption of this pricing technique, which rewards operational efficiency. We also share our insight through diagnostic and information gathering tools such as WISDOM<sup>2</sup><sup>SM</sup> and QSight<sup>TM</sup>, two proprietary, Internet-based tools our customers use to identify inefficiencies and cost saving opportunities in their supply chains. With more than a century of experience behind us, we have created supply chain management techniques and technology innovations that are helping our customers improve their supply chains.

Charlie Mahan  
Lead Driver  
Savage Distribution Center



**INTERNATIONAL**

976232

Owens & Minor Distribution, INC. DBA



Owens & Minor

OWENS & MINOR HAS BECOME  
A LEADER IN **INNOVATION**  
WITH THE INDUSTRY-FIRST  
OFFERINGS TO PROVE IT.

As they did in 2004, our customers will continue to rely on us for supply chain innovation, knowing that Owens & Minor will go the extra mile in combining resources, analyzing information and developing techniques to improve supply chain efficiency. By combining the power of forward-thinking teammates, proven processes and front-running technologies, Owens & Minor has become an acknowledged innovator with the industry-first offerings to prove it. CostTrack<sup>SM</sup>, WISDOM<sup>2</sup><sup>SM</sup>, SurgiTrack<sup>SM</sup>, and QSight<sup>TM</sup> are all unique to Owens & Minor, and are poised to make a positive impact on our customers' supply chain management effectiveness.



Tim Stocksdale  
*Vice President*  
*Access Diabetic Supply*

David Wallace  
*President*  
*Access Diabetic Supply*



Montgomery "F. M." Byers  
*Vice President*  
*Access Diabetic Supply*



AT OWENS & MINOR, WE **LEAD** BY LISTENING.

IN THE PAST YEAR, our OMSolutions<sup>SM</sup> consulting and outsourcing team grew its customer base, helping healthcare providers implement many of Owens & Minor's innovative tools and services. Fortified with two acquisitions in 2004, OMSolutions<sup>SM</sup> reached out to customers with services such as integrated service centers, clinical inventory management with QSight<sup>TM</sup>, information management with WISDOM<sup>2</sup><sup>SM</sup>, and supply chain consulting and outsourcing. Our approach in the marketplace is to use lessons learned in more than a century of operation, to listen carefully to the needs of our customers, and to respond with innovative solutions, business integrity and industry insight. At Owens & Minor, we lead by listening.

Sharon Conklin  
Vice President  
Clinical Consulting Operations  
OMSolutions<sup>SM</sup>



Tim Gill  
Operating Vice President  
OMSolutions<sup>SM</sup>

*"We ask our team every day to conduct our business with integrity, to leverage the insight we gather from our day-to-day business, and to create innovative solutions for our customers. And, every day, they exceed our expectations. There's no doubt about it, the key to our success is our teammates."*

Erika Davis  
Senior Vice President  
Human Resources



## BOARD OF DIRECTORS



**G. Gilmer Minor, III (64)**<sup>1\*</sup>  
*Chairman & CEO,  
Owens & Minor, Inc.*



**Richard E. Fogg (64)**<sup>2,4</sup>  
*Retired Partner,  
PricewaterhouseCoopers*



**A. Marshall Acuff, Jr. (65)**<sup>1,2,5\*</sup>  
*Retired Senior Vice President &  
Managing Director,  
Salomon Smith Barney, Inc.*



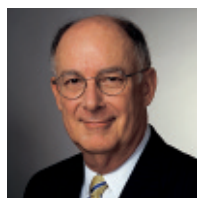
**Vernard W. Henley (75)**<sup>1,3,5</sup>  
*Retired Chairman & CEO,  
Consolidated Bank  
& Trust Company*



**Henry A. Berling (62)**<sup>4</sup>  
*Retired Executive Vice President,  
Owens & Minor, Inc.*



**Peter S. Redding (66)**<sup>3,4</sup>  
*Retired President & CEO,  
Standard Register Company*



**J. Alfred Broaddus, Jr. (65)**<sup>3,5</sup>  
*Retired President,  
Federal Reserve Bank  
of Richmond*



**James E. Rogers (59)**<sup>1</sup>  
*Lead Director,  
Owens & Minor, Inc.  
President, SCI Investors Inc.*



**John T. Crotty (67)**<sup>2,4\*</sup>  
*Managing Partner,  
CroBern Management Partnership  
President, CroBern, Inc.*



**James E. Ukrop (67)**<sup>3,5</sup>  
*Chairman,  
Ukrop's Super Markets, Inc.  
Chairman, First Market Bank*



**James B. Farinholt, Jr. (70)**<sup>1,2\*,4</sup>  
*Managing Director,  
Tall Oaks Capital Partners, LLC*



**Anne Marie Whittemore (58)**<sup>1,3\*,5</sup>  
*Partner, McGuireWoods LLP*

### Board Committees:

<sup>1</sup>Executive Committee, <sup>2</sup>Audit Committee, <sup>3</sup>Compensation &  
Benefits Committee, <sup>4</sup>Strategic Planning Committee,  
<sup>5</sup>Governance & Nominating Committee,  
\*Denotes Chairman

## CORPORATE OFFICERS

G. Gilmer Minor, III (64)

*Chairman & Chief Executive Officer*

Chairman of the Board since 1994 and Chief Executive Officer since 1984. Mr. Minor was President from 1981 to April 1999. Mr. Minor joined the company in 1963.

Craig R. Smith (53)

*President & Chief Operating Officer*

President since 1999 and Chief Operating Officer since 1995. Mr. Smith has been with the company since 1989.

Timothy J. Callahan (53)

*Senior Vice President, Sales and Marketing*

Senior Vice President, Sales and Marketing since September 2002. From 1999 to 2002, Mr. Callahan served as Senior Vice President, Distribution. Mr. Callahan has been with the company since 1997.

Charles C. Colpo (47)

*Senior Vice President, Operations*

Senior Vice President, Operations since 1999. Mr. Colpo has been with the company since 1981.

Erika T. Davis (41)

*Senior Vice President, Human Resources*

Senior Vice President, Human Resources since 2001. From 1999 to 2001, Ms. Davis was Vice President of Human Resources. Ms. Davis has been with the company since 1993.

Grace R. den Hartog (53)

*Senior Vice President,  
General Counsel & Corporate Secretary*

Senior Vice President, General Counsel & Corporate Secretary since February 2003. Ms. den Hartog previously served as a Partner of McGuireWoods LLP from 1990 to February 2003.

Jeffrey Kaczka (45)

*Senior Vice President &  
Chief Financial Officer*

Senior Vice President and Chief Financial Officer since 2001. Previously, Mr. Kaczka served as Senior Vice President and Chief Financial Officer for Allied Worldwide, Inc. from 1999 to 2001.

Scott W. Perkins (48)

*Senior Vice President, Sales and Distribution*

Senior Vice President, Sales and Distribution since January 2005. Previously, Mr. Perkins served as Regional Vice President, West, from March to December 2004. Prior to that, he served as an Area Vice President from 2002 to 2004 and as an Area Director of Operations from 1999 to 2002. Mr. Perkins has been with Owens & Minor since 1989.

Mark A. Van Sumeren (47)

*Senior Vice President, OMSolutions<sup>SM</sup>*

Senior Vice President, OMSolutions<sup>SM</sup> since 2003. Mr. Van Sumeren previously served as Vice President for Cap Gemini Ernst & Young from 2000 to 2003. Prior to that, Mr. Van Sumeren served as a Partner for Ernst & Young from 1993 to 2000.

Richard F. Bozard (57)

*Vice President, Treasurer*

Vice President and Treasurer since 1991. Mr. Bozard has been with the company since 1988.

Olwen B. Cape (55)

*Vice President, Controller*

Vice President and Controller since 1997. Ms. Cape has been with the company since 1997.

Hugh F. Gouldthorpe, Jr. (66)

*Vice President, Quality & Communications*

Vice President, Quality and Communications since 1993. Mr. Gouldthorpe has been with the company since 1986.

*Numbers inside parentheses indicate age.*

**Annual Meeting**

The annual meeting of Owens & Minor, Inc.'s shareholders will be held at 10:00 a.m. on Thursday, April 28, 2005 at the Virginia Historical Society, 428 N. Boulevard Richmond, Virginia.

**Transfer Agent, Registrar and Dividend Disbursing Agent**

The Bank of New York  
Investor Services Department  
P.O. Box 11258  
Church Street Station  
New York, NY 10286-1258  
800-524-4458  
shareowners@bankofny.com

**BuyDIRECT<sup>SM</sup> Stock Purchase and Dividend Reinvestment Plan**

Our transfer agent, The Bank of New York, offers a Direct Purchase and Sale Plan for shares of Owens & Minor, Inc. common stock known as the BuyDIRECT<sup>SM</sup> Plan. The BuyDIRECT<sup>SM</sup> Plan provides both registered shareholders of Owens & Minor and interested first-time investors a way to buy and sell shares of Owens & Minor common stock. Inquiries should be directed to The Bank of New York (see contact information above).

**Shareholder Records**

Direct correspondence concerning Owens & Minor, Inc. stock holdings or change of address to The Bank of New York's Investor Services Department (listed above). Direct correspondence concerning lost or missing dividend checks to:

The Bank of New York  
Receive and Deliver Department  
P.O. Box 11002  
Church Street Station  
New York, NY 10286-1002

**Duplicate Mailings**

When a shareholder owns shares in more than one account or when several shareholders live at the same address, they may receive multiple copies of annual reports. To eliminate multiple mailings, please write to the transfer agent.

**Counsel**

Hunton & Williams  
Richmond, Virginia

**Independent Auditors**

KPMG LLP  
Richmond, Virginia

**Press Releases**

Owens & Minor, Inc.'s press releases are available at [www.owens-minor.com](http://www.owens-minor.com).

**Communications and Investor Relations**

804-747-9794

**Information for Investors**

The company files annual, quarterly and current reports, information statements and other information with the Securities and Exchange Commission (SEC). The public may read and copy any materials that the company files with the SEC at the SEC's Public Reference Room at 450 Fifth Street, N.W., Washington, D.C. 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC also maintains an Internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC. The address of that site is <http://www.sec.gov>. The address of the company's Internet website is [www.owens-minor.com](http://www.owens-minor.com). Through a link to the SEC's Internet site on the Investor Relations portion of our Internet website we make available all of our filings with the SEC, including our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports, as well as beneficial ownership reports filed with the SEC by directors, officers and other reporting persons relating to holdings in Owens & Minor, Inc. securities. This information is available as soon as the filing is accepted by the SEC.

**Corporate Governance**

The company's Corporate Governance Guidelines, Code of Honor and the charters of the Audit, Compensation & Benefits, and Governance & Nominating Committees are available on the company's Internet website at [www.owens-minor.com](http://www.owens-minor.com) and are available in print to any shareholder upon request by writing to:

Corporate Secretary  
Owens & Minor, Inc.  
4800 Cox Road  
Glen Allen, Virginia 23060

**Communications with the Board of Directors**

The Board of Directors has approved a process for shareholders to send communications to the Board. Shareholders can send written communications to the Board, any committee of the Board, the Lead Director or any other individual director at the following address: P.O. Box 26383, Richmond, Virginia 23260. All communications will be relayed directly to the applicable director(s), except for communications screened for security purposes.

## MISSION

To create consistent value for our customers and supply chain partners that will maximize shareholder value and long-term earnings growth; we will do this by managing our business with integrity and the highest ethical standards, while acting in a socially responsible manner with particular emphasis on the well-being of our teammates and the communities we serve.

## VISION

To be a world class provider of supply chain management solutions to the selected segments of the healthcare industry we serve.

## VALUES

We believe in high integrity as the guiding principle of doing business.

We believe in our teammates and their well-being.

We believe in providing superior customer service.

We believe in supporting the communities we serve.

We believe in delivering long-term value to our shareholders.

**OWENS & MINOR, INC.,**

a FORTUNE 500 company headquartered in Richmond, Virginia, is the leading distributor of national name-brand medical and surgical supplies and a healthcare supply chain management company. With distribution centers throughout the United States, the company serves hospitals, integrated healthcare systems, alternate care providers, group purchasing organizations and the federal government. Owens & Minor provides technology and consulting programs that enable healthcare providers to maximize efficiency and cost-effectiveness in materials purchasing, improve inventory management and streamline logistics across the entire medical supply chain. The company also has established itself as a leader in the development and use of technology.



**OWENS & MINOR, INC.  
CORPORATE OFFICE**

Street Address  
4800 Cox Road  
Glen Allen, Virginia 23060

Mailing Address  
Post Office Box 27626  
Richmond, Virginia 23261-7626  
804-747-9794

[www.owens-minor.com](http://www.owens-minor.com)



LEADING BY  
LISTENING