

Owens & Minor, Inc.

2007 Annual Report & Form 10-K



Integrity. Service. Value.



Company Overview 2007

Owens & Minor, Inc., a FORTUNE 500 company headquartered in Richmond, Virginia, is the leading distributor of medical and surgical supplies to the acute-care market and a leading healthcare supply-chain management company. In 2007, Owens & Minor reported 23% revenue growth fueled by a strategic acquisition, as well as strong organic growth. For the year, revenues topped \$6.8 billion.

Using its network of distribution centers located nationwide, the company provides hospitals, integrated healthcare systems, alternate care locations, the federal government and individual consumers with a comprehensive offering of medical and surgical products. The company also provides acute-care provider customers with advanced supply-chain management services, enabling them to achieve greater efficiency and lower the overall cost of the healthcare supply chain.

Founded in Richmond in 1882, Owens & Minor is proud of its legacy of service. The company's essential mission, vision and values continue to support a culture of customer-service excellence, teammate well-being, business integrity, social responsibility, and the creation of shareholder value. In fact, Owens & Minor's stock price increased 35.7% in 2007, while its ten-year cumulative total return to shareholders exceeds 200%.

Today, Owens & Minor common shares are traded on the New York Stock Exchange under the symbol OMI. For more information, visit the company's Web site at www.owens-minor.com.

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.

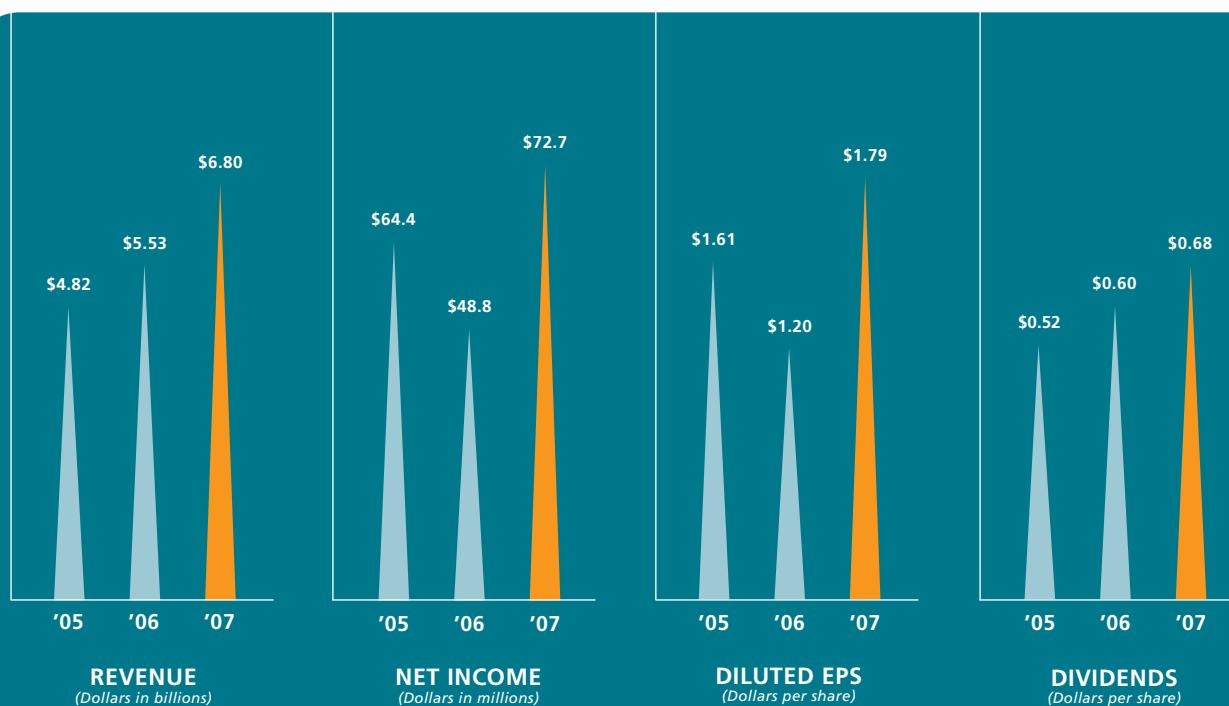
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Financial Highlights

(in thousands, except per share data)

Year ended December 31,	2007	2006	2005	Percent Change	
				07/06	06/05
Revenue	\$6,800,466	\$5,533,736	\$4,822,414	22.9%	14.8%
Net income	\$ 72,710	\$ 48,752	\$ 64,420	49.1%	(24.3%)
Net income per common share - diluted	\$ 1.79	\$ 1.20	\$ 1.61	49.2%	(25.5%)
Cash dividends per common share	\$ 0.68	\$ 0.60	\$ 0.52	13.3%	15.4%
Book value per common share at year-end	\$ 15.03	\$ 13.60	\$ 12.84	10.5%	5.9%
Stock price per common share at year-end	\$ 42.43	\$ 31.27	\$ 27.53	35.7%	13.6%
Total assets	\$1,515,080	\$1,685,750	\$1,239,850	(10.1%)	36.0%
Long-term debt	\$ 283,845	\$ 433,133	\$ 204,418	(34.5%)	111.9%
Shareholders' equity	\$ 614,359	\$ 547,454	\$ 511,998	12.2%	6.9%





Dear Shareholders, Teammates and Friends,



Craig R. Smith
President & Chief Executive Officer

2007 was an exciting year for Owens & Minor, as we turned the page on our 125th anniversary and began looking forward to a new chapter in our history. We experienced significant growth in 2007, most of which was due to the acquisition of the \$1 billion, acute-care distribution business from McKesson Corporation in late 2006, but about 40% of the growth was organic. In fact, our business continued to grow faster than our market sector. We believe that our revenue growth is directly related to our close customer relationships and our ability to meet their supply-chain needs on both basic and sophisticated levels.

In the course of my travels over the last year, I met with many of our hospital customers and our healthcare supplier partners. What I continue to hear from them validates our strategy in the marketplace. We continue to win new accounts with our value-analysis approach, offering solutions and techniques that produce real supply-chain savings.

Our teams in the field and at the Home Office work collaboratively with customers to create supply-chain management solutions, such as storeroom and warehouse redesigns, inventory management techniques, clinical supply-chain solutions, and information management tools. Underlying our efforts are benchmarks and metrics that target supply-chain savings and efficiency improvements. We improve transparency and provide greater visibility into the supply chain for customers and suppliers alike. Our hospital customers increasingly view us as an integrated partner, rather than as a vendor.

In 2007, as we completed the transition and integration of the acquired business, we invested in right-sizing our distribution network and adjusting our workforce to meet our business needs. In the coming year, we expect to continue investing in the infrastructure and systems that make our services possible and enable us to take on faster-than-industry growth.

Reflecting on 2007, we recognize that it was a year of operational and financial achievement for Owens & Minor. We completed the transition and integration of the acquisition according to schedule. And, although we may not have hit every



benchmark, we did achieve strong revenue growth and are now nearly a \$7 billion company. Disciplined asset management resulted in operating cash flow of nearly \$220 million, allowing us to reduce long-term debt by approximately \$150 million over the year.

As for our 2007 performance on Wall Street, our stock price increased 35.7% over the course of the year. We outperformed major broad market indices including the S&P 500, the Dow Jones Industrials, and the NYSE composite. We also outperformed our industry peer group, as well as our own small cap and healthcare indices. Because our board of directors believes strongly in delivering long-term value to shareholders, it increased our dividend by nearly 18% for the first quarter of 2008. And, I'm pleased to report that over the last ten years, our cumulative total return to shareholders has exceeded 200%.

These financial and operational achievements are important, but I am equally proud of the investment we made in our teammates and in our communities in 2007. One of the ways we invest in our teammates is by providing education and training through Owens & Minor University (OMU). In 2007, our teammates participated in more than 5,000 on-line courses, while more than 1,300 students took instructor-led courses. As we now offer classes to customers, some 200 professionals from hospitals around the country enrolled last year in OMU supply-chain management courses.

Another important part of our mission, vision, and values is supporting the communities we serve. Through our Volunteer Council, we donated time, talent and funds to scores of community organizations. Our teammates in the field and at the Home Office raised money, donated time and participated in causes ranging from Big Brothers Big Sisters to the Special Olympics. We also believe in supporting the ideal of

diversity as we conduct our daily business. We strive each year to increase the diversity of our supplier base, as we also work to ensure that our teammates reflect the diversity around us. We are proud of our achievements in this area.

In a final note, I want to recognize the passing of a pivotal figure in our company's history. Mr. Philip M. Minor, the uncle of our chairman, passed away in January 2008. Phil Minor began his career in the stockroom and performed many roles for the company, finally serving as acting chairman for a decade. I can only second what our Chairman, G. Gilmer Minor, III, said about his uncle: "He personified everything that is good about Owens & Minor." We will truly miss him.

With every decision we make, we aim to do what's right for our customers and suppliers – to provide value with every service and to improve what we do every year. Every day with our teammates, we strive to provide a supportive workplace as they serve our customers.

In 2007, our teammates went above and beyond their normal duties in a year that was extremely complex and challenging. I want to convey my gratitude for their efforts and my pride in their accomplishments in what I believe was an excellent year for the company. And, as we do every year, we extend our thanks to our customers, suppliers, and shareholders for their enduring support.

Sincerely,

Craig R. Smith
President & Chief Executive Officer

Integrity

Service

Value

Board of Directors

G. Gilmer Minor, III (67)^{1*}
*Chairman & Retired CEO,
Owens & Minor, Inc.*

James E. Rogers (62)¹
*Lead Director,
Owens & Minor, Inc.
President, SCI Investors Inc.*

A. Marshall Acuff, Jr. (68)^{1,3,5*}
*Retired Senior Vice President
& Managing Director,
Salomon Smith Barney, Inc.*

J. Alfred Broaddus, Jr. (68)^{3,5}
*Retired President,
Federal Reserve Bank of Richmond*

John T. Crotty (70)^{2,4*}
*Managing Partner,
CroBern Management Partnership
President, CroBern, Inc.*

Richard E. Fogg (67)^{1,2*,4}
*Retired Partner,
PricewaterhouseCoopers LLP*

Eddie N. Moore, Jr. (60)^{2,5}
*President,
Virginia State University*

Peter S. Redding (69)^{2,4}
*Retired President & CEO,
Standard Register Company*

Robert C. Sledd (55)^{3,4}
*Chairman,
Performance Food Group*

Craig R. Smith (56)^{1,4}
*President & CEO,
Owens & Minor, Inc.*

James E. Ukrop (70)^{2,5}
*Chairman,
Ukrop's Super Markets, Inc.
Chairman, First Market Bank*

Anne Marie Whittemore (61)^{1,3*,5}
Partner, McGuireWoods LLP

Board Committees:

¹Executive Committee, ²Audit Committee, ³Compensation & Benefits Committee,
⁴Strategic Planning Committee, ⁵Governance & Nominating Committee, *Denotes Chairman

Corporate Officers

Craig R. Smith (56)
President & Chief Executive Officer
President since 1999 and Chief Executive Officer since July 2005.
Mr. Smith has been with the company since 1989.

James L. Bierman (55)
Senior Vice President & Chief Financial Officer
Senior Vice President & Chief Financial Officer since June 2007.
Previously, he served as Executive Vice President & Chief Financial Officer at Quintiles Transnational Corp. from 2001 until 2004.
He joined Quintiles in 1998. Prior to that Mr. Bierman was a Partner of Arthur Andersen LLP from 1988 until 1998.

Richard F. Bozard (60)
Vice President, Treasurer
Vice President, Treasurer since 1991.
Mr. Bozard has been with the company since 1988.

Olwen B. Cape (58)
Vice President, Contoller
Vice President, Contoller since 1997.
Ms. Cape has been with the company since 1997.

E.V. Clarke (47)
Group Vice President, Sales & Distribution
Group Vice President, Sales & Distribution since October 2006.
Previously, Mr. Clarke served as President of Acute Care for McKesson Medical-Surgical from April 2002 until September 2006, when the business was acquired by Owens & Minor.

Charles C. Colpo (50)
Senior Vice President, Operations
Senior Vice President, Operations since 1999 and Senior Vice President, Operations & Technology from April 2005 to July 2006. Mr. Colpo has been with the company since 1981.

Erika T. Davis (44)
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 (56)
Senior Vice President, General Counsel & Corporate Secretary
Senior Vice President, General Counsel & Corporate Secretary since 2003.
Ms. den Hartog previously served as a Partner of McGuireWoods LLP from 1990 to 2003.

Hugh F. Gouldthorpe, Jr. (69)
Vice President, Quality & Communications
Vice President, Quality & Communications since 1993.
Mr. Gouldthorpe has been with the company since 1986.

Richard W. Mears (47)
Senior Vice President, Chief Information Officer
Senior Vice President, Chief Information Officer since 2005. Previously, Mr. Mears was an Executive Director with Perot Systems from 2003 to 2005, and an account executive from 1998 to 2003.

Scott W. Perkins (51)
Group Vice President, Sales & Distribution
Group Vice President, Sales & Distribution since 2005. Mr. Perkins served as Senior Vice President, Sales & Distribution from January to October 2005. Prior to that, he served as Regional Vice President from March to December 2004, and as Area Vice President from 2002 to 2004. Mr. Perkins has been with Owens & Minor since 1989.

W. Marshall Simpson (39)
Senior Vice President, Sales & Marketing
Senior Vice President, Sales & Marketing since November 2007. Previously, Mr. Simpson served as Group Vice President, Sales & Distribution from October 2005 until November 2007, and as Regional Vice President from 2004 to October 2005. Prior to that, Mr. Simpson served as Operating Vice President of Corporate Accounts from 2003 until 2004, and as Operating Vice President of Business Integration from 2002 to 2003. Mr. Simpson has been with the company since 1991.

Mark A. Van Sumeren (50)
Senior Vice President, Strategic Planning & Business Development
Senior Vice President, Strategic Planning & Business Development since September 2007; and Senior Vice President, Business Development since July 2006. Prior to that, Mr. Van Sumeren was Senior Vice President, OMSolutionsSM from 2003 to 2006. Mr. Van Sumeren previously served as Vice President for Cap Gemini Ernst & Young from 2000 to 2003.

Numbers inside parentheses indicate age.

Corporate Information

Annual Meeting

The annual meeting of Owens & Minor, Inc.'s shareholders will be held at 10:00 a.m. on Friday, April 25, 2008, at Owens & Minor, Inc., 9120 Lockwood Boulevard, Mechanicsville, Virginia, 23116.

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

BuyDIRECTSM 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 BuyDIRECTSM Plan. The BuyDIRECTSM Plan provides 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 company mailings. 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.

Investor Relations

804-723-7555

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 100 F Street, N.E., 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 Web site is www.owens-minor.com. Through a link to the SEC's Internet site on the Investor Relations portion of our Web site, 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 Bylaws, 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 Web site at www.owens-minor.com and are available in print to any shareholder upon request by writing to:

Corporate Secretary
Owens & Minor, Inc.
9120 Lockwood Boulevard
Mechanicsville, Virginia 23116

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.

Certifications

The company's Chief Executive Officer certified to the New York Stock Exchange (NYSE) within 30 days after the company's 2007 Annual Meeting of Shareholders that he was not aware of any violation by the company of NYSE corporate governance listing standards. The company also filed with the SEC as exhibits 31.1, 31.2, 32.1 and 32.2 to its Annual Report on Form 10-K for the year ended December 31, 2007, certifications by its Chief Executive Officer and Chief Financial Officer.



Corporate Office
804-723-7000
www.owens-minor.com

Street Address
9120 Lockwood Boulevard
Mechanicsville, Virginia 23116

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