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

FORM 10-K

(Mark One)

[X] Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 [Fee Required]

For the fiscal year ended December 31, 1994

or

[ ] Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 [No Fee Required]

For the transition period from to

Commission file Number 1-9810

OWENS & MINOR, INC.
(Exact name of Registrant as specified in its charter)

Virginia	54-1701843
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
4800 Cox Road, Glen Allen, Virginia	23060
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including Area Code (804) 747-9794
Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, $2 par value	New York Stock Exchange
Preferred Stock Purchase Rights	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:
None

(Title of Class)

(Title of Class)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes X No _____

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [ ]

The aggregate market value of Common Stock held by non-affiliates (based upon the closing sales price) was approximately $377,909,196 as of March 7, 1995. In determining this figure, the Company has assumed that all of its officers, directors and persons known to the Company to be the beneficial owners of more than five percent of the Company's Common Stock are affiliates. Such assumption shall not be deemed conclusive for any other purpose.

The number of shares of the Company's Common Stock outstanding as of March 7, 1995 was 30,805,845 shares.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Owens & Minor, Inc. Annual Report to Shareholders for the year ended December 31, 1994 (the "1994 Annual Report") are incorporated by reference into Part II of this Form 10-K and portions of the Owens & Minor, Inc. definitive Proxy Statement for the 1995 Annual Meeting of Shareholders (the "1995 Proxy Statement") are incorporated by reference into Part III of this Form 10-K. With the exception of the specific information referred to in Items 5, 6, 7, 8 and 14 hereof, the 1994 Annual Report and 1995 Proxy Statement are not deemed to be filed as a part of this report.

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* Information related to this item is hereby incorporated by reference to the 1994 Annual Report.

** Information related to this item is hereby incorporated by reference to the 1995 Proxy Statement.

OWENS & MINOR, INC.

PART I

Item 1. Business

Owens & Minor, Inc. (the "Company") was incorporated in Virginia on December 7, 1926 as a successor to a partnership founded in Richmond, Virginia in 1882. The Company is the largest branded wholesale distributor of medical/surgical supplies and carries over 163,000 products and operates 53 distribution centers serving hospitals, nursing homes, integrated healthcare systems, alternate medical care facilities, physicians' offices and other institutions nationwide. The Company also distributes pharmaceuticals and related products to hospitals. The Company's common stock is traded on the New York Stock Exchange under the symbol OMI.

On May 10, 1994, the Company acquired Stuart Medical, Inc. (Stuart), a distributor of medical/surgical supplies. The consideration paid to the shareholders of Stuart was $40.2 million in cash and $115 million par value of convertible preferred stock.

In 1994, the Company did not engage in any material amount of governmental business that may be subject to renegotiation of profits or termination of contract at the election of the government. The Company held no material patents, trademarks, licenses, franchises or concessions in 1994 nor is it subject to any material seasonality. At February 28, 1995, the Company had approximately 3,000 full and part-time employees and considers its relations with them to be excellent.

The Company is required to carry a significant investment in inventory to meet the rapid delivery requirements of its customers. The Company sells only finished goods purchased from approximately 3,000 different manufacturers that provide an adequate availability of inventory. In 1994, products purchased from Johnson & Johnson, Inc. accounted for approximately 19% of the Company's net sales. The Company believes that it is not vulnerable to supply interruptions that would have a material adverse effect on its operations or profitability. Due to the immediate delivery requirements of its customers, the Company has no material backlog of orders.

Hospital customers (including members of hospital buying groups/alliances) represent the majority of the Company's sales. The remaining sales are to alternative care providers including Integrated Healthcare System (IHS), nursing homes,

surgical centers, physician offices and other purchasers. The historic focus on sales to hospitals reflects the Company's principal strategy of focusing on hospital customers in the belief that the buying decisions regarding distribution of supplies to the new IHS will be lead by the hospital community. Important elements of this strategy have been to maintain the Company's status as a low cost distributor of high volume commodity products and to operate in a decentralized manner to provide customers with a high level of service on a local basis.

In 1994, the majority of the Company's sales were related to eight product groups including urological products, dressings, needles and syringes, surgical packs and gowns, sterile procedure trays, sutures, intravenous products and endoscopic products. These products are disposable and are generally used in high volume by customers. The sales of these products are supplemented by sales of a wide variety of other products including incontinence products, feeding tubes, surgical staples, blood collection devices and surgical gloves.

The Company's growth has been achieved by expansion into new geographical areas through acquisitions and the opening of new distribution centers. In May 1989, the Company acquired National Healthcare and Hospital Supply Corporation (National Healthcare). With the addition of National Healthcare's six continuing distribution centers, the Company was able to expand its distribution area to the western portion of the United States. On December 2, 1991, the Company acquired Koley's Medical Supply, Inc. (Koley's). The acquisition of Koley's provided the Company with three distribution centers located in Iowa and Nebraska. In May 1992 and September 1992, the Company opened distribution centers in Columbus, Ohio and Memphis, Tennessee, respectively. In May 1993, the Company acquired Lyons Physician Supply Company located in Youngstown, Ohio. In June 1993, the Company acquired A. Kuhlman & Co. located in Detroit, Michigan. In June 1993, the Company opened distribution centers in Birmingham, Alabama and Detroit, Michigan, and in August 1993 and December 1993, the Company opened distribution centers in Boston, Massachusetts and Seattle, Washington, respectively. On May 10, 1994, the Company acquired Stuart. The acquisition of Stuart provided the Company with distribution centers located primarily in the West, Midwest and Northeast. In October 1994, the Company acquired substantially all of the assets of Emery Medical Supply, Inc., located in Denver, Colorado. In August 1994, the Company opened a distribution center in San Diego, California, and in December 1994, in St. Louis, Missouri. The Company intends to continue to acquire or establish distribution centers in new locations depending on the attractiveness of new markets, the availability of suitable acquisition candidates and the potential for additional sales and/or cost savings from new locations.

Since 1985, the Company has been a distributor for VHA Inc. (formerly named Voluntary Hospitals of America, Inc.) ("VHA"). VHA is the nations's largest group purchasing organization for the non-profit hospital system, representing over 1,000 health care organizations all of which are in markets serviced by the Company. The Company entered into a new supply agreement with VHA in 1993. Under the provisions of the new VHA agreement, commencing on April 1, 1994, the Company sells products to VHA-member hospitals and affiliates on a variable cost-plus basis that is generally dependent upon dollar volume of purchases and percentage of total products purchased from the Company. Accordingly, as the Company's sales to and penetration of VHA-member customers increase, the cost plus pricing charged to such customers decreases. Prior to April 1, 1994, products were sold on a straight cost-plus basis. In November 1994, another change was made to the VHA agreement adding Baxter Healthcare Corporation as the fourth authorized VHA distributor effective in the first quarter of 1995. Simultaneously, with this change, VHA enabled the other three authorized VHA distributors, including the Company, to distribute Baxter-manufactured products, which was not previously possible. During 1994, no single customer accounted for 10% or more of the Company's net sales, except for sales under the VHA agreement to member hospitals, which amounted to approximately $960 million or 40% of the Company's total net sales.

In February 1994, the Company was selected by Columbia/HCA Healthcare Corp. ("Columbia/HCA") as its principal distributor for medical/surgical products. Under the new partnership, the Company provides distribution services to Columbia/HCA hospitals and their other healthcare facilities nationwide to improve the cost effectiveness and efficiency of their inventory management process. Columbia/HCA owns approximately 200 acute care and specialty hospitals throughout the United States.

The Company also acts as an agent for Abbott Laboratories, warehousing and distributing intravenous solutions and related products on a fee basis at seven distribution centers.

As a result of the Company's sale of its Wholesale Drug Division and Specialty Packaging Division in 1992, the Company has only one reporting segment.

MARKETING DEVELOPMENTS

In 1994, the Company introduced a series of decision analysis for personal computer applications called Interactive Value Models (IVM(Registered Trademark)). With the IVM(Registered Trademark), customers are guided through a series of questions accessing their data to arrive at a cost savings figure achievable through the use of the Company's distribution services. If the customer cannot provide the data, the application automatically provides industry standard values. Because IVM(Registered Trademark) is computerized, customers receive answers quickly.

The field automation program was implemented in October 1994, with field management receiving IBM Thinkpad(Registered Trademark) laptops. The sales force trainers received their laptop computers in December 1994 in preparation for the roll-out to the entire sales force in 1995. These laptops will be used to access business data on a real time basis, to communicate electronically both with the Company's customers and teammates, and to provide multi-media presentations.

Stock Point(Registered Trademark) was introduced in November 1994 as the name for the Company's stockless distribution program. This program provides for low-unit-of-measure delivery of product directly to the hospital department or care site on a daily basis. The Company successfully implemented in 1994 a newly developed Stock Point(Registered Trademark) point-of-use application at two hospital locations. This application automates the replenishment process through the use of portable computers outfitted with bar code readers.

A new Integrated Healthcare System (IHS) marketing strategy was introduced in the Fall of 1994 to five major IHS customers. This program is designed to provide a seamless distribution program to address the special needs of the large IHS in reducing their non-clinical operating expenses and working towards a risk/gain sharing agreement.

"The Source", Owens & Minor's first product catalog, was released in December 1994 to customers and teammates. This is a comprehensive medical/surgical product catalog illustrating many of the products that are available through the Company's distribution centers.

COMPETITION

The medical/surgical supply business in the United States consists of three nationwide distributors, Owens & Minor, Baxter Healthcare Corp. and General Medical, and a number of regional and local distributors. The Company believes that, based upon sales, it is the largest branded distributor of medical/surgical products to hospitals in the United States. Competition within the medical/surgical supply business exists with respect to breadth of product line, product availability, delivery time, services provided, the ability to meet special requirements of customers

and price. Further consolidation of medical/surgical supply distributors continues through the purchase of smaller distributors by larger companies due to competitive pressures in the market place.

Item 2. Properties

The corporate headquarters of the Company is located in western Henrico County in suburban Richmond, Virginia in a leased facility. The Company owns two undeveloped parcels of land in western Henrico County, which are adjacent to the Company's corporate headquarters. In addition, the Company owns its warehouse facilities in Youngstown, Ohio, La Mirada, California and Greensburg, Pennsylvania and an office facility in Sanford, Florida.

The Company also leases offices and warehouses for its distribution centers in 45 cities. Overall there are 53 distribution centers. In 1994, the Company relocated five distribution centers and expanded six others. Much of this activity can be attributed to new business growth with Columbia/HCA hospitals and the consolidation of Owens & Minor and Stuart facilities. In 1995 new facilities are planned for seven locations including Atlanta, Chicago, Detroit, Ft. Lauderdale, Houston, Jackson and Richmond. All company facilities are considered adequate for their current and projected use.

Item 3. Legal Proceedings

There are no legal proceedings pending against the Company or any of its subsidiaries other than ordinary routine litigation incidental to its business, including certain tort claims arising in the ordinary course of business which are adequately covered by insurance and are being defended either by the Company's insurance carriers or the suppliers of the merchandise involved. No legal proceeding pending against the Company is expected to have a material adverse effect upon the Company.

Item 4. Submission of Matters to a Vote of Security Holders

No matters were submitted to a vote of security holders during the fourth quarter of 1994.

EXECUTIVE AND OTHER OFFICERS OF THE REGISTRANT

The Company's Executive Officers are:

Name	Age	Office
G. Gilmer Minor, III	54	Chairman, President and Chief Executive Officer
Craig R. Smith	43	Executive Vice President and Chief Operating Officer
Robert E. Anderson, III	60	Executive Vice President, Planning and Development
Henry A. Berling	52	Executive Vice President, Sales and Customer Development
Drew St. J. Carneal	56	Senior Vice President, Corporate Counsel and Secretary
Glenn J. Dozier	44	Senior Vice President, Finance, Chief Financial

		Officer
The Company's other Officers are:		
Richard F. Bozard	48	Vice President, Treasurer
Charles C. Colpo	37	Vice President, Inventory Management
Hugh F. Gouldthorpe, Jr.	56	Vice President, Quality and Communications
Michael L. Roane	40	Vice President, Human Resources
Thomas J. Sherry	46	Vice President, Sales and Marketing
F. Thomas Smiley	39	Vice President, Operations and Cost Management, Controller
Hue Thomas, III	56	Vice President, Corporate Relations

At the meeting of the Board of Directors held February 27, 1995, Mr. Colpo was elected Officer and all of the other Officers were elected at the annual meeting of the Board of Directors held May 10, 1994. All Officers are elected to serve until the 1995 Annual Meeting of Shareholders, or such time as their successors are elected.

Mr. G. Gilmer Minor, III was first employed by the Company in 1963. Mr. Minor received his B.A. in history from the Virginia Military Institute in 1963. In 1966, he was awarded an MBA from the Colgate Darden School of Business Administration at the University of Virginia. He has spent his entire business career with the Company and was elected President and Chief Operating Officer in 1981 and Chief Executive Officer in 1984. In May 1994 he was also elected Chairman of the Board.

Mr. Smith was employed by National Healthcare and Hospital Supply Corporation in June 1983 as a sales representative. With the Company's acquisition of National Healthcare and Hospital Supply Corporation in May 1989, Mr. Smith was employed by the Company as Division Vice President. From 1990 to 1992, Mr. Smith served as Group Vice President for the western region. On January 4, 1993 Mr. Smith assumed responsibilities of Senior Vice President, Distribution. Later in 1993, Mr. Smith assumed the new role of Senior Vice President, Distribution and Information Systems and in 1994, he was elected Executive Vice President, Distribution and Information Systems. In February 1995, Mr. Smith was promoted to Chief Operating Officer. Mr. Smith is a graduate of the University of Southern California.

Mr. Anderson was Vice President of Powers & Anderson from 1958 to 1966. With the Company's acquisition of Powers & Anderson in 1967, Mr. Anderson was employed by the Company in the Medical/Surgical Division in sales and marketing and was elected Vice President in 1981. In October 1987, he was elected Senior Vice President, Corporate Development. In April 1991, Mr. Anderson was elected Senior Vice President, Marketing and Planning. In 1992, Mr. Anderson assumed a new role as Senior Vice President, Planning and Development and in 1994, he was elected Executive Vice President, Planning. Mr. Anderson received a B.S. in Commerce from the University of Virginia.

Mr. Berling was employed by A & J Hospital Supply Company following the completion of his education in 1965. With the Company's acquisition of A & J Hospital Supply in 1966, Mr. Berling was employed by the Company in the Medical/Surgical Division and was elected Vice President in 1981 and Senior Vice President, Sales and Marketing, a newly created position, in 1987.

In April 1989, he was elected Senior Vice President and Chief Operating Officer. In April 1991, Mr. Berling assumed a new role as Senior Vice President, Sales and Distribution. In 1992, Mr. Berling assumed the role of Senior Vice President, Sales and Marketing and in 1994, he was elected Executive Vice President, Sales and Customer Development. Mr. Berling received a B.S. in Economics from Villanova University.

Mr. Carneal was employed by the Company in January 1989 as Vice President and Corporate Counsel. From 1985 to 1988, he served as the Richmond City Attorney and, prior to that date, he was a partner for the law firm of Cabell, Moncure and Carneal which provided legal services to the Company. In February 1989, he was elected Secretary by the Board of Directors. In March 1990, he was elected Senior Vice President, Corporate Counsel and Secretary. Mr. Carneal received a B.A. in English from Princeton University. Mr. Carneal received his L.L.B. at the University of Virginia School of Law.

Mr. Dozier was elected to the position of Senior Vice President, Chief Financial Officer, in February 1991. In April 1991, he assumed the additional responsibility of Senior Vice President, Operations and Systems. In 1992, Mr. Dozier assumed a new role of Senior Vice President, Finance and Information Systems and Chief Financial Officer. In 1993, Mr. Dozier assumed the role of Senior Vice President, Finance, Chief Financial Officer. Prior to joining the Company in April 1990, Mr. Dozier had been Chief Financial Officer and Vice President of Administration and Control since 1987 for AMF Bowling, Inc. Previously, Mr. Dozier was with Dravo Corporation, where his last position was Vice President, Finance. Mr. Dozier received an MBA from The Colgate Darden School of Business at the University of Virginia and received a B.S. from Virginia Polytechnic Institute and State University in Industrial Engineering and Operations Research.

Mr. Bozard was employed by the Company in March 1988 and was elected Vice President, Treasurer in 1991. Prior to joining the Company, he served as an officer for CIT/Manufacturers Hanover Bank and Trust. From 1984 to 1986, he was with Williams Furniture where his last position was President. Mr. Bozard received a B.S. from Virginia Commonwealth University in Business Administration.

Mr. Colpo was employed by the Company in 1981 as Manager, Internal Audit. In April 1984, Mr. Colpo was promoted to Division Vice President (DVP) and served as DVP for the Harlingen, Texas, Division, in 1987, for the Orlando, Florida, Division and in 1993 for the Atlanta, Georgia, Division. In 1994, he became Director, Business Process Redesign. In 1995, Mr. Colpo was promoted to Vice President, Inventory Management. Mr. Colpo received a BS in Accounting from Virginia Polytechnic Institute and State University.

Mr. Gouldthorpe joined the Company in 1986 as Director of Hospital Sales for the Wholesale Drug Division. In 1987, he was promoted to Vice President and was named Vice President and General Manager of the Wholesale Drug Division in 1989. In April 1991, he was elected Vice President, Corporate Communications and in September 1993, was appointed Vice President, Quality and Communications. Prior to joining the Company, Mr. Gouldthorpe was employed by E.R. Squibb and Sons for 20 years. While at Squibb he held numerous sales and marketing positions that included Advertising Manager, Director of Training and Director of Sales. Mr. Gouldthorpe is a graduate of the Virginia Military Institute with a B.A. in Chemistry and Biology.

Mr. Roane was employed by the Company in October 1992 as Vice President, Human Resources. Prior to joining Owens & Minor, Mr. Roane was employed by Philip Morris Co. from 1980 to 1992 where his last position was Manager, Employee Relations Operations. Prior to that he was employed by Gulf Western Industries in a variety of human resources positions. Mr. Roane received his B.S. Degree in Business Management from Canisius College.

Mr. Sherry joined Owens & Minor as Vice President of Sales

and Marketing with the Company's acquisition of Stuart in May 1994. During his 18 year employment at Stuart he held various positions which included sales representative, Sales Manager, Division Vice President, Regional Vice President, Vice President of Sales and Executive Vice President. Mr. Sherry has a B.S. in Business Administration from Central Michigan University and while in the Air Force completed the M.B.A. program at the University of Northern Colorado.

Mr. Smiley was employed by the Company in September 1979 as Manager of Internal Audit. In January 1981, he became Assistant Controller. In June 1985, he became Controller. In April 1986 he was elected Assistant Vice President, Controller. In April 1989, he was elected Vice President, Controller and in February 1995, was promoted to Vice President, Operations and Cost Management. Prior to joining the Company, he was with Coopers & Lybrand, where his last position was Senior Accountant. Mr. Smiley received a B.S. in Business Administration from the University of Richmond.

Mr. Thomas joined the Company in 1970. In 1984, he was promoted to Assistant General Manager of the Medical/Surgical Division. In 1985, he was made Assistant Corporate Vice President and was named Vice President in 1987. In 1989, he was named Vice President and General Manager of the Medical/Surgical Division. In 1991, he was named Vice President, Corporate Relations. Mr. Thomas received a B.S. from Georgia Institute of Technology.

PART II

Item 5. Market for Registrant's Common Equity and Related Stockholder Matters

Information regarding the market price of the Company's Common Stock and related stockholder matters is set forth in the 1994 Annual Report under the heading "Market and Dividend Information" on page 43 and is incorporated by reference herein.

Item 6. Selected Financial Data

The information required under this item is contained in the 1994 Annual Report under the heading "Selected Financial Data" on pages 22 and 23 and is incorporated by reference herein.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operation

The information required under this item is contained in the 1994 Annual Report under the heading "Management's Discussion and Analysis of Results of Operations and Financial Condition" on pages 24 and 25 and is incorporated by reference herein.

Item 8. Financial Statements and Supplementary Data

The consolidated financial statements and notes as of December 31, 1994 and 1993 and for each of the years in the three-year period ended December 31, 1994, together with the independent auditors' report of KPMG Peat Marwick LLP dated February 3, 1995, appearing on pages 26 through 40 of the 1994 Annual Report are incorporated by reference herein.

The information required under Item 302 of Regulation S-K is set forth in the 1994 Annual Report in Note 13 - "Quarterly Financial Data (Unaudited)" in the Notes to Consolidated Financial Statements on page 39 and is incorporated by reference herein.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

There were no changes in or disagreements with accountants

on accounting and financial disclosures during the two-year period ended December 31, 1994.

PART III

Item 10. Directors and Executive Officers of the Registrant

The information required for this item is contained in Part I of this Form 10-K and in the 1995 Proxy Statement under the heading, "Proposal 1: Election of Directors" and is incorporated by reference herein.

Item 11. Executive Compensation

The information required under this item is contained in the 1995 Proxy Statement under the heading "Proposal 1: Election of Directors - Executive Compensation" and is incorporated by reference herein.

Item 12. Security Ownership of Certain Beneficial Owners and Management

The information required under this item is contained in the 1995 Proxy Statement under the heading "Proposal 1: Election of Directors - Capital Stock Owned by Principal Shareholders and Management" and is incorporated by reference herein.

Item 13. Certain Relationships and Related Transactions

None

PART IV

Item 14. Exhibits, Financial Statement Schedules, and Reports on Form 8-K

* Incorporated by reference from the indicated pages of the 1994 Annual Report.

All other schedules are omitted because the related information is included in the Consolidated Financial Statements or notes thereto or because they are not applicable.

3. Exhibits

(2) Agreement of Exchange dated December 22, 1993, as amended and restated on March 31, 1994, by and among Stuart Medical, Inc., the Company and certain shareholders of Stuart Medical, Inc. (incorporated herein by reference to the Company's Proxy Statement/Prospectus dated April 6, 1994, Annex III)**

(3)(a) Amended and Restated Articles of Incorporation of the Company

(b) Amended and Restated Bylaws of the Company

(4)(a) Owens & Minor, Inc. $11.5 million, 0% Subordinated Note dated May 31, 1989, due May 31, 1997, between the Company and Hygeia Ltd. (incorporated herein by reference to the Company's Annual Report on Form 10-K for the year ended December 31, 1990)

(b) Amendment to Owens & Minor, Inc. 0% Subordinated Note due May 31, 1997

(c) Owens & Minor, Inc. $3,332,912, 9.10% Convertible Subordinated Note dated May 10, 1994, due May 31, 1996, between the Company and Hygeia Ltd.

(d) Credit Agreement dated as of April 29, 1994 among the Company, as borrower, certain of the Company's subsidiaries, as guarantors, NationsBank of North Carolina, N.A., as Agent, Chemical Bank and Crestar Bank, as Co-Agents, and the Banks identified therein ("Credit Agreement")**

(e) First Amendment to Credit Agreement dated February 28, 1995**

(10) (a) Owens & Minor, Inc. Annual Incentive Plan (incorporated herein by reference to the Company's definitive Proxy Statement dated March 25, 1991)*

(b) 1985 Stock Option Plan as amended on January 27, 1987 (incorporated herein by reference to the Company's Annual Report on Form 10-K, Exhibit 10(f), for the year ended December 31, 1987)*

(c) Stock Purchase Agreement dated May 1, 1989 among the Company, Hygeia N.V. and Hygeia Medical Supply B.V. (incorporated herein by reference to the Company's Current Report on Form 8-K, Exhibit 2.1, filed on May 24, 1989)

(d) Owens & Minor, Inc. Pension Plan (incorporated herein by reference to the Company's Annual Report on Form 10-K, Exhibit 10(h), for the year ended December 31, 1990)*

(e) Supplemental Executive Retirement Plan dated July 1, 1991 (incorporated herein by reference to the Company's Annual Report on Form 10-K, Exhibit 10(i), for the year ended December 31, 1991)*

(f) Owens & Minor, Inc. Executive Severance Agreements (incorporated herein by reference to the Company's Annual Report on Form 10-K, Exhibit 10(i), for the year ended December 31, 1991)*

(g) Owens & Minor, Inc. Directors' Stock Option Plan (incorporated herein by reference to the Company's Annual Report on Form 10-K, Exhibit 10(i), for the year ended December 31, 1991)*

(h) Agreement dated December 31, 1985 by and between Owens & Minor, Inc. and G. Gilmer Minor, Jr. (incorporated herein by reference to the Company's Annual Report on Form 10-K, exhibit 10(k), for the year ended December 31, 1992)*

(i) Agreement dated December 31, 1985 by and between Owens & Minor, Inc. and Philip M. Minor (incorporated herein by reference to the Company's Annual Report on Form 10-K, exhibit 10(l), for the year ended December 31, 1992)*

(j) Agreement dated May 1, 1991 by and between Owens & Minor, Inc. and W. Frank Fife (incorporated herein by reference to the Company's Annual Report on Form 10-K, exhibit 10(m), for the year ended December 31, 1992)*

(k) Owens & Minor, Inc. 1993 Stock Option Plan (incorporated herein by reference to the Company's Annual Report on Form 10-

K, exhibit 10(k), for the year ended December 31, 1993)*

(l) Owens & Minor, Inc. Directors' Compensation Plan (incorporated herein by reference to the Company's Annual Report on Form 10-K, exhibit 10(l), for the year ended December 31, 1993) *

(m) Form of Enhanced Authorized Distribution Agency Agreement ("ADA Agreement") dated as of November 16, 1993 by and between Voluntary Hospitals of America, Inc. and Owens & Minor, Inc. (incorporated herein by reference to the Company's Annual Report on Form 10-K, exhibit 10 (m), for the year ended December 31, 1993)***

(n) Amendments to ADA Agreement dated as of August 9, 1994, September 15, 1994 and November 15, 1994, respectively

(11) Calculation of Net Income Per Share

(13) Owens & Minor, Inc. 1994 Annual Report to Shareholders

(21) Subsidiaries of Registrant

(23) Consent of KPMG Peat Marwick LLP, independent auditors

(27) Financial Data Schedule

* A management contract or compensatory plan or arrangement required to be filed as an exhibit to this Form 10-K.

** The schedules to this Agreement have been omitted pursuant to Item 601(b)(2) of Regulation S-K. The Company hereby undertakes to file supplementally with the Commission upon request a copy of the omitted schedules.

*** The Company has requested confidential treatment by the Commission of certain portions of this Agreement, which portions have been omitted and filed separately with the Commission.

(b) Reports on Form 8-K

There were no reports filed on Form 8-K during the fourth quarter of 1994

Note 1. With the exception of the information incorporated in this Form 10-K by reference thereto, the 1994 Annual Report shall not be deemed "filed" as a part of this Form 10-K.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

OWENS & MINOR, INC.

by /s/ G. Gilmer Minor, III
G. Gilmer Minor, III
Chairman of the Board

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the date indicated:

/s/ G. Gilmer Minor, III G. Gilmer Minor, III Chairman of the Board, President and Chief Executive Officer	/s/ R. E. Cabell, Jr. R. E. Cabell, Jr. Director
/s/ Philip M. Minor Philip M. Minor Vice Chairman of the Board	/s/ James B. Farinholt, Jr. James B. Farinholt, Jr. Director

/s/ William F. Fife
William F. Fife
Director

/s/ Carl G. Grefenstette
Carl G. Grefenstette
Director

/s/ Glenn J. Dozier
Glenn J. Dozier
Senior Vice President, Finance,
Chief Financial Officer

/s/ Vernard W. Henley
Vernard W. Henley
Director

/s/ F. Thomas Smiley
F. Thomas Smiley
Vice President, Principal
Accounting Officer and Controller

/s/ E. Morgan Massey
E. Morgan Massey
Director

/s/ James E. Rogers
James E. Rogers
Director

/s/ James E. Ukrop
James E. Ukrop
Director

/s/ Anne Marie Whittemore
Anne Marie Whittemore
Director

Each of the above signatures is affixed as of March 22, 1995.

INDEPENDENT AUDITORS' REPORT
REPORT ON FINANCIAL STATEMENT SCHEDULE

The Board of Directors
Owens & Minor, Inc.:

Over date of February 3, 1995, we reported on the consolidated balance sheets of Owens & Minor, Inc. and subsidiaries as of December 31, 1994 and 1993, and the related consolidated statements of income and cash flows for each of the years in the three-year period ended December 31, 1994, as contained in the 1994 annual report to shareholders. These consolidated financial statements and our report thereon are incorporated by reference in the December 31, 1994 annual report on Form 10-K. In connection with our audits of the aforementioned consolidated financial statements, we also audited the related financial statement schedule included on page 16 of this annual report on Form 10-K. This financial statement schedule is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement schedule based on our audits.

In our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

KPMG Peat Marwick LLP

Richmond, Virginia
February 3, 1995

Schedule VIII

OWENS & MINOR, INC. AND SUBSIDIARIES

Valuation and Qualifying Accounts
(In thousands)

Additions

Year-End Description	Balance at Beginning of Year	Charged to Costs and Expenses	Other**	Deductions*	Balance at End of Year
Allowance for doubtful accounts deducted from accounts and notes receivable in the Consolidated Balance Sheets					
1994	$4,678	$1,149	$ 40	$ 527	$5,340
1993	$4,442	$ 497	-	$ 261	$4,678
1992	$4,514	$1,351	-	$1,423	$4,442

* Uncollectible accounts written off.
** Adjusted for the allowance reserve acquired with the Emery acquisition.

Form 10-K
Exhibit Index

Exhibit #		Description
(3)	(a)	Amended and Restated Articles of Incorporation of the Company
	(b)	Amended and Restated Bylaws of the Company
(4)	(b)	Amendment to Owens & Minor, Inc. 0% Subordinated Note due May 31, 1997
	(c)	Owens & Minor, Inc. $3,332,912 9.10% Convertible Subordinated Note dated May 10, 1994 due May 31, 1996 between the Company and Hygeia Ltd.
	(d)	Credit Agreement dated as of April 29, 1994, among the Company, as borrower, certain of the Company's subsidiaries, as guarantors, NationsBank of North Carolina, N.A., as Agent, Chemical Bank and Crestar Bank, as Co-Agents, and the Banks identified therein
	(e)	First Amendment to Credit Agreement dated February 28, 1995
(10)	(n)	Amendments to ADA Agreement dated as of August 9, 1994, September 15, 1994 and November 15, 1994, respectively
(11)		Calculation of Net Income Per Share
(13)		Owens & Minor, Inc. 1994 Annual Report to Shareholders
(21)		Subsidiaries of Registrant
(23)		Consent of KPMG Peat Marwick LLP, independent auditors
(27)		Financial Data Schedule

Exhibit 3 (a)

AMENDED AND RESTATED ARTICLES OF INCORPORATION OF OWENS & MINOR, INC..

ARTICLE I.

NAME

The name of the Corporation shall be OWENS & MINOR, INC.

ARTICLE II.

PURPOSES.

The purposes for which the Corporation is formed are:

1. To buy, sell, distribute and trade in medical and surgical supplies and equipment, pharmaceuticals, drugs and merchandise of every sort, class and description at wholesale or at retail, as principal or as agent, alone or in partnership with any other person, firm or corporation within and without the Commonwealth of Virginia and the United States of America and to do and perform every act and to carry on every business which shall be incidental thereto.

2. In addition, the Corporation shall have the power to transact any and all lawful business not required to be stated specifically in the articles of incorporation for which corporations may be incorporated under Chapter I of Title 13.1 of the Code of Virginia of 1950 as in effect on the effective date of these Articles or as amended subsequently thereto.

ARTICLE III.

CAPITAL STOCK.

The maximum number of authorized shares of the capital stock of the Corporation shall be Two Hundred Million (200,000,000) shares of Common Stock of the par value of Two Dollars ($2.00) per share, and Ten Million (10,000,000) shares of Cumulative Preferred Stock of the par value of One Hundred Dollars ($100.00) per share, issuable in series as is hereinafter provided.

The description of the Cumulative Preferred Stock and of the Common Stock and the designations, preferences and voting powers of such classes of stock, or restrictions or qualifications thereof and the terms upon which such stock is to be issued are as follows:

PART A.

CUMULATIVE PREFERRED STOCK.

1. Issuance in Series. The Cumulative Preferred Stock shall be divided into and issued from time to time in one or more series, each which series shall be so designated as to distinguish the shares thereof from all other series and classes. The Board of Directors shall have the authority to divide the Cumulative Preferred Stock into series by resolution setting forth the designation and number of shares of each

series and the relative rights and preferences thereof in the following respects, as to which there may be variation between different series:

(a) The rate of dividend, the time of payment and the dates from which any dividends shall be cumulative and the extent of participation rights, if any;

(b) Any right to vote with holders of shares of any other series or class and any right to vote as a class either generally or as a condition to specified corporate action, subject to the limitations of Section 4 of Part A of this Article III;

(c) The price at which and the terms and conditions upon which shares may be redeemed;

(d) The amount payable upon shares in the event of involuntary liquidation;

(e) The amount payable upon shares in the event of voluntary liquidation;

(f) Sinking fund provisions of the redemption or purchase of shares, if any;

(g) The terms and conditions upon which shares may be converted, if the shares of any series are issued with the privilege of conversion.

The Board of Directors shall have the further authority to redesignate any shares of any series theretofore established which have not been issued or which have been issued and retired as shares of some other series or to change the designation of outstanding shares when desired to prevent confusion.

All shares of Cumulative Preferred Stock of any one series shall be identical with each other in all respects except, if so determined by the Board of Directors, as to the dates from which dividends thereon shall be cumulative. The shares of Cumulative Preferred Stock shall be equal in rank with each other regardless of series and shall be identical with each other in all respects except as hereinabove provided.

2. Preferences over Common Stock. The Cumulative Preferred Stock as a class shall have preference over the Common Stock as to the payment of dividends and in the distribution of the assets of the Corporation in the event of any liquidation and dissolution, whether voluntary or involuntary. All shares of Cumulative Preferred Stock of every series shall share ratably in the distribution of assets upon dissolution if the assets of the Corporation are insufficient to pay the full liquidation price of all shares of Cumulative Preferred Stock of every series.

So long as any dividend on any series of Cumulative Preferred Stock shall be in arrears, no dividend shall be declared and paid on the Common Stock except dividends payable in shares of Common Stock, nor shall the Corporation purchase or otherwise acquire for a consideration any shares of Common Stock.

3. Redemption of Cumulative Preferred Stock. Subject to any other provision of these Articles of Incorporation to the contrary and to the right of the Board of Directors to fix in any resolution of serial designation adopted by it the terms and conditions upon which shares of any series may be redeemed, in the event of any redemption of shares of Cumulative Preferred Stock by the Corporation, it may at the option of the Board of Directors redeem the whole or any part of the Cumulative Preferred Stock at any time outstanding upon not less than thirty (30) nor more than sixty (60) days previous notice by mail to the holders of record of the shares to be redeemed. If less than the whole of a series shall be redeemed, the shares to be so redeemed shall be determined by lot or in such other manner as the Board of Directors may determine. If such notice of redemption shall have been duly given, and if on or before the redemption date specified in such notice, the funds necessary for such redemption shall have been deposited in trust with any bank or trust company in the City of Richmond, Virginia, having capital and unrestricted surplus aggregating at least TEN MILLION DOLLARS ($10,000,000) named in

such notice, to be applied to the redemption of the Cumulative Preferred Stock so called for redemption, then from the time of such deposit all shares of Cumulative Preferred Stock for the redemption of which such deposit shall have been made shall be deemed no longer to be outstanding for any purpose and all rights with respect to such shares shall thereupon terminate, except the right to receive the redemption price on deposit, without interest thereon. Any interest accrued upon or earned by such deposit shall be paid to the Corporation. At the end of five (5) years from the redemption date named in such notice, any funds so deposited which then remain unclaimed shall be paid to the Corporation free of any trust. Any holder of Cumulative Preferred Stock so called for redemption as shall not have received the redemption price prior to such repayment to the Corporation shall be deemed to be an unsecured creditor of the Corporation for the amount of the redemption price and shall look only to the Corporation for the payment thereof, without interest.

4. Voting Rights of Cumulative Preferred Stock. Except as set forth elsewhere in these Articles of Incorporation and as shall be provided in any resolution of serial designation adopted by the Board of Directors, the holders of the Cumulative Preferred Stock shall not be entitled to any vote except as to matters in respect of which they shall at the time be indefeasibly vested by statute with such right. The Board of Directors may grant to holders of any series of Cumulative Preferred Stock the right to vote as a class for the election of Directors only upon the following terms and conditions and subject to the following limitations:

(a) Such right to vote as a class for the election of Directors shall not be exercisable unless and until the Corporation shall be in arrears for the payment of four (4) or more dividends on any series of Cumulative Preferred Stock.

(b) The number of Directors elected by holders of Cumulative Preferred Stock of all series shall not exceed two (2) in the aggregate.

(c) Such power to elect Directors, if granted to more than one series, shall apply to all series as a class, and not separately.

(d) No Director elected by the Cumulative Preferred Stock, if such power be conferred upon any series of such stock, shall be classified with the Directors elected by the Common Stock, but any such Directors so elected by the Cumulative Preferred Stock shall serve as a separate class to be elected annually and shall serve in addition to the number of classified Directors elected by the Common Stock as provided in the bylaws of the Corporation. They, together with the classified Directors as provided in the bylaws, shall constitute the Board of Directors.

(e) Immediately upon the payment of all dividends in arrears, any Director or Directors so elected by the Cumulative Preferred Stock shall cease to act and shall no longer be Directors of the Corporation.

5. Series A Preferred Stock. The first series of Cumulative Preferred Stock shall be designated "Series A Participating Cumulative Preferred Stock" ("Series A Preferred Stock") and the number of shares constituting such series shall be 300,000. The preferences, limitations and relative rights of shares of Series A Preferred Stock shall be as follows:

(a) Dividends and Distributions.

(1) Subject to the prior and superior rights of the holders of any shares of any series of Preferred Stock ranking prior and superior to the shares of Series A Preferred Stock with respect to dividends, the holders of shares of Series A Preferred Stock in preference to the holders of Common Stock and of any other junior stock, shall be entitled to receive, when, as and if declared by the Board of Directors out of funds legally available therefor, dividends payable quarterly on the fifteenth day of each February, May,

August and November (each such date being referred to herein as a "Quarterly Dividend Payment Date"), commencing on the first Quarterly Dividend Payment Date after the first issuance of a share or fraction of a share of Series A Preferred Stock, in an amount per share (rounded to the nearest cent) equal to the greater of (a) $6.50 or (b) subject to the provision for adjustment hereinafter set forth, 100 times the aggregate per share amount of all cash dividends, and 100 times the aggregate per share amount (payable in kind) of all non-cash dividends or other distributions other than a dividend payable in shares of Common Stock or a subdivision of the outstanding shares of Common Stock (by reclassification or otherwise), declared on the Common Stock since the immediately preceding Quarterly Dividend Payment Date, or, with respect to the first Quarterly Dividend Payment Date, since the first issuance of any share or fraction of a share of Series A Preferred Stock. In the event the Corporation shall at any time, (i) declare any dividend on Common Stock payable in shares of Common Stock, (ii) subdivide the outstanding Common Stock, or (iii) combine the outstanding Common Stock into a smaller number of shares, then in each such case the amount to which holders of shares of Series A Preferred Stock were entitled immediately prior to such event under clause (b) of the preceding sentence shall be adjusted by multiplying such amount by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(2) The Corporation shall declare a dividend or distribution on the Series A Preferred Stock as provided in paragraph (1) above immediately after it declares a dividend or distribution on the Common Stock (other than a dividend payable in shares of Common Stock); provided that, in the event no dividend or distribution shall have been declared on the Common Stock during the period between any Quarterly Dividend Payment Date and the next subsequent Quarterly Dividend Payment Date, a dividend at the rate of $6.50 per share on the Series A Preferred Stock shall nevertheless be payable on such subsequent Quarterly Dividend Payment Date.

(3) Dividends shall begin to accrue and be cumulative on outstanding shares of Series A Preferred Stock from the Quarterly Dividend Payment Date next preceding the date of issue of such shares of Series A Preferred Stock, unless the date of issue of such shares is prior to the record date for the first Quarterly Dividend Payment Date, in which case dividends on such shares shall begin to accrue from the date of issue of such shares, or unless the date of issue is a Quarterly Dividend Payment Date or is a date after the record date for the determination of holders of shares of Series A Preferred Stock entitled to receive a quarterly dividend and before such Quarterly Dividend Payment Date, in either of which events such dividends shall begin to accrue and be cumulative from such Quarterly Dividend Payment Date. Accrued but unpaid dividends shall not bear interest. Dividends paid on the shares of Series A Preferred Stock in an amount less than the total amount of such dividends at the time accrued and payable on such shares shall be allocated pro rata on a share-by-share basis among all such shares at the time outstanding. The Board of Directors may fix a record date for the determination of holders of shares of Series A Preferred Stock entitled to receive payment of a dividend or distribution declared thereon, which record date shall be no more than 30 days prior to the

date fixed for the payment thereof.

(b) Voting Rights. The holders of shares of Series A Preferred Stock shall have the following voting rights:

(1) Subject to the provision for adjustment hereinafter set forth, each share of Series A Preferred Stock shall entitle the holder thereof to one vote on all matters submitted to a vote of the shareholders of the Corporation.

(2) Except as otherwise provided herein, in the Articles of Incorporation or under applicable law, the holders of shares of Series A Preferred Stock and the holders of shares of Common Stock shall vote together as one voting group on all matters submitted to a vote of stockholders of the Corporation.

(3) (i) If at any time dividends on any shares of Series A Preferred Stock shall be in arrears in an amount equal to six quarterly dividends thereon, the occurrence of such contingency shall mark the beginning of a period (a "default period") that shall extend until such time when all accrued and unpaid dividends for all previous quarterly dividend periods and for the current quarterly dividend period on all shares of Series A Preferred Stock then outstanding shall have been declared and paid or set apart for payment. During each default period, all holders of the outstanding shares of Series A Preferred Stock together with any other series of Preferred Stock then entitled to such a vote under the terms of the Articles of Incorporation, voting as a separate voting group, shall be entitled to elect two members of the Board of Directors of the Corporation.

(ii) During any default period, such voting right of the holders of Preferred Stock may be exercised initially at a special meeting called pursuant to subparagraph (iii) of this Section 5(b)(3) or at any annual meeting of shareholders, and thereafter at annual meetings of shareholders, provided that neither such voting right nor the right of the holders of any other series of Preferred Stock, if any, to increase, in certain cases, the authorized number of Directors shall be exercised unless the holders of ten percent (10%) in number of shares of Preferred Stock outstanding shall be present in person or by proxy. The absence of a quorum of the holders of Common Stock shall not affect the exercise by the holders of Preferred Stock of such voting right. At any meeting at which the holders of Preferred Stock shall exercise such voting right initially during an existing default period, they shall have the right, voting as a separate voting group, to elect Directors to fill such vacancies, if any, in the Board of Directors as may then exist up to two (2) Directors, or if such right is exercised at an annual meeting, to elect two (2) Directors. If the number which may be so elected at any special meeting does not amount to the required number, the holders of the Preferred Stock shall have the right to make such increase in the number of Directors as shall be necessary to permit the election by them of the required number. After the holders of the Preferred Stock shall have exercised their right to elect Directors in any default period and during the continuance of such period, the number of Directors shall not be increased or decreased except by vote of the holders of Preferred Stock as herein provided or pursuant to the rights of any equity securities ranking senior to or pari passu with the Series A Preferred Stock.

(iii) Unless the holders of Preferred Stock shall, during an existing default period, have

previously exercised their right to elect Directors, the Board of Directors may order, or any shareholder or shareholders owning in the aggregate not less than ten percent (10%) of the total number of shares of Preferred Stock outstanding, irrespective of series, may request, the calling of a special meeting of the holders of Preferred Stock, which meeting shall thereupon be called by the Chairman, President, a Vice-President or the Secretary of the Corporation. Notice of such meeting and of any annual meeting at which holders of Preferred Stock are entitled to vote pursuant to this paragraph 5(b)(3)(iii) shall be given to each holder of record of Preferred Stock by mailing a copy of such notice to him at his last address as the same appears on the books of the Corporation. Such meeting shall be called for a time not earlier than 10 days and not later than 60 days after such order or request. In the event such meeting is not called within 60 days after such order or request, such meeting may be called on similar notice by any shareholder or shareholders owning in the aggregate not less than ten percent (10%) of the total number of shares of Preferred Stock outstanding. Notwithstanding the provisions of this paragraph 5(b)(3)(iii), no such special meeting shall be called during the period within 60 days immediately preceding the date fixed for the next annual meeting of the shareholders.

(iv) In any default period, the holders of Common Stock, and other classes of stock of the Corporation if applicable, shall continue to be entitled to elect the whole number of Directors until the holders of Preferred Stock shall have exercised their right to elect two (2) Directors voting as a separate voting group, after the exercise of which right (x) the Directors so elected by the holders of Preferred Stock shall continue in office until their successors shall have been elected by such holders or until the expiration of the default period, and (y) any vacancy in the Board of Directors may (except as provided in paragraph 5(b)(3)(ii)) be filled by vote of a majority of the remaining Directors theretofore elected by the voting group which elected the Director whose office shall have become vacant. References in this paragraph 5(b)(3)(iv) to Directors elected by a particular voting group shall include Directors elected by such Directors to fill vacancies as provided in clause (y) of the foregoing sentence.

(v) Immediately upon the expiration of a default period, (x) the right of the holders of Preferred Stock, as a separate voting group, to elect Directors shall cease, (y) the term of any Directors elected by the holders of Preferred Stock, as a separate voting group, shall terminate, and (z) the number of Directors shall be such number as may be provided for in, or pursuant to, the Articles of Incorporation or bylaws irrespective of any increase made pursuant to the provisions of paragraph 5(b)(3)(ii) (such number being subject, however, to change thereafter in any manner provided by law or in the Articles of Incorporation or bylaws). Any vacancies in the Board of Directors affected by the provisions of clauses (y) and (z) in the preceding sentence may be filled by a majority of the remaining Directors, even though less than a quorum.

(4) Except as set forth herein or as otherwise provided in the Articles of Incorporation, holders of Series A Preferred Stock shall have no special voting rights and their consent shall not be required (except to the extent they are entitled to vote with holders of Common Stock as set forth herein) for taking any corporate action.

(c) Certain Restrictions.

(1) Whenever quarterly dividends or other dividends or distributions payable on the Series A Preferred Stock as provided in Section 5(a) are in arrears, thereafter and until all accrued and unpaid dividends and distributions, whether or not declared, on shares of Series A Preferred Stock outstanding shall have been paid in full, the Corporation shall not:

(i) declare or pay or set apart for payment any dividends (other than dividends payable in shares of any class or classes of stock of the Corporation ranking junior to the Series A Preferred Stock) or make any other distributions on, any class of stock of the Corporation ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Preferred Stock and shall not redeem, purchase or otherwise acquire, directly or indirectly, whether voluntarily, for a sinking fund, or otherwise any shares of any class of stock of the Corporation ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Preferred Stock, provided that, notwithstanding the foregoing, the Corporation may at any time redeem, purchase or otherwise acquire shares of stock of any such junior class in exchange for, or out of the net cash proceeds from the concurrent sale of, other shares of stock of any such junior class;

(ii) declare or pay dividends on or make any other distributions on any shares of stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series A Preferred Stock, except dividends paid ratably on the Series A Preferred Stock and all such parity stock on which dividends are payable or in arrears in proportion to the total amounts to which the holders of all such shares are then entitled;

(iii) redeem or purchase or otherwise acquire for consideration shares of any stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series A Preferred Stock, provided that the Corporation may at any time redeem, purchase or otherwise acquire shares of any such parity stock in exchange for shares of any stock of the Corporation ranking junior (either as to dividends or upon dissolution, liquidation or winding up) to the Series A Preferred Stock;

(iv) purchase or otherwise acquire for consideration any shares of Series A Preferred Stock, or any shares of stock ranking on a parity with the Series A Preferred Stock, except in accordance with a purchase offer made in writing or by publication (as determined by the Board of Directors) to all holders of such shares upon such terms as the Board of Directors, after consideration of the respective annual dividend rates and other relative rights and preferences of the respective series and classes, shall determine in good faith will result in fair and equitable treatment among the respective series or classes.

(2) The Corporation shall not permit any subsidiary of the Corporation to purchase or otherwise acquire for consideration any shares of stock of the Corporation unless the Corporation could, under paragraph (1) of Section 5(c), purchase or otherwise acquire such shares at such time and in such manner.

(d) Reacquired Shares. Any shares of Series A

Preferred Stock purchased or otherwise acquired by the Corporation in any manner whatsoever shall be retired and canceled promptly after the acquisition thereof. All such shares shall upon their cancellation become authorized but unissued shares of Preferred Stock and may be reissued as part of a new series of Preferred Stock to be created by resolution or resolutions of the Board of Directors, subject to the conditions and restrictions on issuance set forth herein.

(e) Liquidation, Dissolution or Winding Up.

(1) Upon any voluntary or involuntary liquidation, dissolution or winding up of the Corporation, no distribution shall be made to the holders of shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Preferred Stock unless, prior thereto, the holders of shares of Series A Preferred Stock shall have received $100 per share, plus an amount equal to accrued and unpaid dividends and distributions thereon, whether or not declared, to the date of such payment (the "Series A Liquidation Preference"). Following the payment of the full amount of the Series A Liquidation Preference, no additional distributions shall be made to the holders of shares of Series A Preferred Stock unless, prior thereto, the holders of shares of Common Stock shall have received an amount per share (the "Common Adjustment") equal to the quotient obtained by dividing (i) the Series A Liquidation Preference by (ii) 100 (as appropriately adjusted as set forth in subparagraph f(iii) below to reflect such events as stock splits, stock dividends and recapitalizations with respect to the Common Stock) (such number in clause (ii) being hereinafter referred to as the "Adjustment Number"). Following the payment of the full amount of the Series A Liquidation Preference and the Common Adjustment in respect of all outstanding shares of Series A Preferred Stock and Common Stock, respectively, holders of Series A Preferred Stock and holders of shares of Common Stock shall receive their ratable and proportionate share of the remaining assets to be distributed in the ratio of the Adjustment Number to 1 with respect to such Series A Preferred Stock and Common Stock, on a per share basis, respectively.

(2) In the event, however, that there are not sufficient assets available to permit payment in full of the Series A Liquidation Preference and the liquidation preferences of all other series of Preferred Stock, if any, then such remaining assets shall be distributed ratably to the holders of all such shares in proportion to their respective liquidation preferences. In the event, however, that there are not sufficient assets available to permit payment in full of the Common Adjustment, then such remaining assets shall be distributed ratably to the holders of Common Stock.

(3) In the event the Corporation shall at any time (i) declare any dividend on Common Stock payable in shares of Common Stock, (ii) subdivide the outstanding Common Stock, or (iii) combine the outstanding Common Stock into a smaller number of shares, then in each such case the Adjustment Number in effect immediately prior to such event shall be adjusted by multiplying such Adjustment Number by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(f) Consolidation, Merger, Share Exchange, etc. In

case the Corporation shall enter into any consolidation, merger, share exchange, combination or other transaction in which the shares of Common Stock are exchanged for or changed into other stock or securities, cash and/or any other property, then in any such case the shares of Series A Preferred Stock shall at the same time be similarly exchanged or changed in an amount per share (subject to the provision for adjustment hereinafter set forth) equal to 100 times the aggregate amount of stock, securities, cash and/or any other property (payable in kind), as the case may be, into which or for which each share of Common Stock is changed or exchanged. In the event the Corporation shall at any time (i) declare any dividend on Common Stock payable in shares of Common Stock, (ii) subdivide the outstanding Common Stock, or (iii) combine the outstanding Common Stock into a smaller number of shares, then in each such case the amount set forth in the preceding sentence with respect to the exchange or change of shares of Series A Preferred Stock shall be adjusted by multiplying such amount by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(g) Redemption. The outstanding shares of Series A Preferred Stock may be redeemed at the option of the Board of Directors as a whole, but not in part, at any time, or from time to time, at a cash price per share equal to (i) the par value thereof, plus (ii) all dividends which on the redemption date have accrued on the shares to be redeemed and have not been paid or declared and a sum sufficient for the payment thereof set apart, without interest.

(h) Ranking. The Series A Preferred Stock shall rank on a parity with all other series of Preferred Stock as to the payment of dividends and the distribution of assets.

(i) Amendment. The Articles of Incorporation shall not be further amended in any manner that would adversely affect the preferences, rights or powers of the Series A Preferred Stock without the affirmative vote of the holders of more than two-thirds of the outstanding shares of the Series A Preferred Stock, if any, voting separately as one voting group.

(j) Fractional Shares. Series A Preferred Stock may be issues of one one-hundredth of a share (and integral multiples thereof) which shall entitle the holder, in proportion to such holders' fractional shares, to exercise voting rights, receive dividends, participate in distributions and to have the benefit of all other rights of holders of Series A Preferred Stock.

6. Series B Preferred Stock. The second series of Cumulative Preferred Stock shall be designated "Series B Cumulative Preferred Stock" ("Series B Preferred Stock") and the number of shares constituting such series shall be 1,150,000. The preferences, limitations and relative rights of shares of Series B Preferred Stock shall be as follows:

(a) Dividends and Distributions.

(1) The holders of shares of Series B Preferred Stock, in preference to the holders of Common Stock and of any other capital stock of the Corporation ranking junior to the Series B Preferred Stock as to payment of dividends, shall be entitled to receive, when, as and if declared by the Board of Directors out of funds legally available therefor, a per annum cash dividend of $4.50 per share, and no more, payable in equal quarterly amounts of $1.125 each on the last day of each January, April, July and October of each year, beginning July 31, 1994 (each such date being referred to herein as a "Quarterly Dividend Payment Date"), to

holders of record on the fifteenth day of each such respective month, commencing on the first Quarterly Dividend Payment Date after the first issuance of a share of Series B Preferred Stock.

(2) Dividends shall begin to accrue and be cumulative on outstanding shares of Series B Preferred Stock from the Quarterly Dividend Payment Date next preceding the date of issue of such shares of Series B Preferred Stock, unless the date of issue of such shares is prior to the record date for the first Quarterly Dividend Payment Date, in which case dividends on such shares shall begin to accrue from the date of issue of such shares, or unless the date of issue is a Quarterly Dividend Payment Date or is a date after the record date for the determination of holders of shares of Series B Preferred Stock entitled to receive a quarterly dividend and before such Quarterly Dividend Payment Date, in either of which events such dividends shall begin to accrue and be cumulative from such Quarterly Dividend Payment Date. Accrued but unpaid dividends shall not bear interest. Dividends paid on the shares of Series B Preferred Stock in an amount less than the total amount of such dividends at the time accrued and payable on such shares shall be allocated pro rata on a share-by-share basis among all such shares at the time outstanding.

(b) Voting Rights. The holders of shares of Series B Preferred Stock shall be entitled to vote on all matters submitted to a vote of the shareholders of the Corporation, voting together with the holders of shares of other series of the Preferred Stock entitled to vote thereon and the Common Stock as a single voting group. Each share of Series B Preferred Stock shall entitle the holder thereof to a number of votes equal to the number of shares of Common Stock into which such Series B Preferred share could be converted in accordance with Section 6(g) on the record date for determining the shareholders entitled to vote; it being understood that whenever the "Conversion Price" (as defined in Section 6(g)(1)) is adjusted as provided in Section 6(g)(5) the number of votes to which each share of Series B Preferred Stock is entitled shall also be similarly adjusted.

(c) Certain Restrictions.

(1) Whenever quarterly dividends or other dividends or distributions payable on Series B Preferred Stock as provided in Section 6(a) are in arrears, thereafter and until all accrued and unpaid dividends and distributions, whether or not declared, on shares of Series B Preferred Stock outstanding shall have been paid in full, or declared and set apart for payment, the Corporation shall not:

(i) declare or pay or set apart for payment any dividends (other than dividends payable in shares of any class or classes of stock of the Corporation ranking junior to Series B Preferred Stock as to payment of dividends or warrants or rights to acquire such stock) or make any other distributions on, any class of stock of the Corporation ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to Series B Preferred Stock ("Junior Stock"), other than distributions of rights ("Rights") pursuant to the Rights Agreement, dated as of June 22, 1988, between Owens & Minor, Inc. and the rights agent thereunder, as heretofore amended and as it may be further amended, in accordance with it terms, or replaced from time to time (such agreement, as so amended or replaced, being hereinafter referred to as the "Rights

Agreement"), and shall not redeem, purchase or otherwise acquire, directly or indirectly, whether voluntarily, for a sinking fund, or otherwise any shares of Junior Stock, provided that, notwithstanding the foregoing, the Corporation may at any time redeem, purchase or otherwise acquire shares of Junior Stock in exchange for, or out of the net cash proceeds from the concurrent sale of, other shares of Junior Stock or warrants or rights to acquire Junior Stock;

(ii) declare or pay dividends on or make any other distributions on any shares of stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series B Preferred Stock ("Parity Stock"), except dividends paid or distributions made ratably on Series B Preferred Stock and all such Parity Stock on which dividends are payable or in arrears in proportion to the total amounts of such dividends to which the holders of all such shares are then entitled;

(iii) redeem or purchase or otherwise acquire for consideration shares of any Parity Stock, provided that the Corporation may at any time redeem, purchase or otherwise acquire shares of any Parity Stock in exchange for shares of any Junior Stock; or

(iv) purchase or otherwise acquire for consideration any shares of Series B Preferred Stock, or any shares of Parity Stock, except as permitted by the Articles of Incorporation of the Corporation or in accordance with a purchase offer made in writing or by publication (as determined by the Board of Directors) to all holders of such shares upon such terms as the Board of Directors, after consideration of the respective annual dividend rates, the amount of dividends in arrears and other relative rights and preferences of the respective series and classes, shall determine in good faith will result in fair and equitable treatment among the respective series or classes.

(2) Notwithstanding the foregoing, nothing in this Section 6(c) shall prevent the Corporation from (i) declaring a dividend or distribution of Rights or issuing Rights in connection with the issuance of Series B Preferred Stock, Junior Stock or Parity Stock, or (ii) redeeming Rights at a price not to exceed $.01 per Right.

(3) The Corporation shall not permit any subsidiary of the Corporation to purchase or otherwise acquire for consideration any shares of stock of the Corporation unless the Corporation could, under paragraph (1) of Section 6(c), purchase or otherwise acquire such shares at such time and in such manner.

(d) Reacquired Shares. Any shares of Series B Preferred Stock purchased or otherwise acquired by the Corporation in any manner whatsoever shall be retired and cancelled promptly after the acquisition thereof. All such shares shall upon their cancellation become authorized but unissued shares of Preferred Stock and may be reissued as part of a new series of Preferred Stock to be created by resolution or resolutions of the Board of Directors, subject to the conditions and restrictions on issuance set forth herein.

(e) Liquidation, Dissolution or Winding Up.

(1) Upon any voluntary or involuntary liquidation, dissolution or winding up of the

Corporation, no distribution shall be made to the holders of shares of stock ranking junior upon liquidation, dissolution or winding up to Series B Preferred Stock unless, prior thereto, the holders of shares of Series B Preferred Stock shall have received $100 per share, plus an amount equal to accrued and unpaid dividends thereon, whether or not declared, to the date of such payment, and no more (the "Series B Liquidation Preference").

(2) In the event, however, that there are not sufficient assets available to permit payment in full of the Series B Liquidation Preference and the liquidation preferences of all other series of Preferred Stock, if any, then such remaining assets shall be distributed ratably to the holders of all such shares in proportion to their respective liquidation preferences.

(f) Redemption. The outstanding shares of Series B Preferred Stock may be redeemed only at the option of the Corporation as a whole or in part at any time on or after April 30, 1997, or from time to time thereafter, at a cash price per share equal to (i) the par value thereof, plus (ii) all accrued and unpaid dividends thereon, whether or not declared, to the redemption date; provided, however, that: (i) any such redemption made before April 30, 2004 may be made solely to the extent of the sum of (x) the net proceeds from the sale or issuance by the Corporation for cash from time to time after January 1, 1994 of shares of capital stock of the Corporation or any other securities convertible into, or exchangeable or exercisable for such capital stock, plus (y) the fair market value (as determined in good faith by the Board of Directors of the Corporation) of all such capital stock or other securities sold or issued by the Corporation from time to time after January 1, 1994 in exchange for other property (including, without limitation, any thereof issued in exchange for stock, securities or assets of other corporations or other entities); and (ii) any redemption in part may only be made if the aggregate market value (based on the average of the closing prices of the Common Stock on the New York Stock Exchange for the ten trading days immediately preceding the date the Redemption Notice (as defined below) is given) of the total number of shares of Common Stock into which the Series B Preferred Stock to be redeemed are at the time convertible pursuant to Section (g)(1) is at least $50,000,000.

Not less than 30 days nor more than 60 days prior to the date fixed by the Corporation for redemption (the "Redemption Date"), written notice (the "Redemption Notice") shall be mailed by the Corporation, postage prepaid, to each holder of record of the Series B Preferred Stock at such holder's address as it appears on the stock transfer books of the Corporation. The Redemption Notice shall state:

(i) the total number of shares of Series B Preferred Stock to be redeemed;

(ii) the number of shares of Series B Preferred Stock held by the holder which the Corporation will redeem;

(iii) the Redemption Date and the redemption price;

(iv) the fact that the holder's conversion rights will continue until the close of business on the second business day preceding the Redemption Date;

(v) that the holder is to surrender to the Corporation, in the manner and at the place designated, his certificate or certificates representing the shares of Series B Preferred Stock to be redeemed; and

(vi) if the redemption is in part, the Corporation's calculations showing compliance with clause (ii) of the proviso in the first paragraph of this Section 6(f).

(g) Conversion.

(1) Subject to and upon compliance with the provisions of this Section (g), the holders of a majority of the shares of Series B Preferred Stock outstanding at the time shall have the right, at such holders' option and upon written notice to the Corporation, at any time to convert all of the outstanding shares of Series B Preferred Stock into the number of fully paid and nonassessable shares of Common Stock (calculated as to each conversion, for the purpose of determining the amount of any cash payments provided in Section (g)(4), to the nearest cent or to the nearest .01 of a share of Common Stock, as the case may be, with one-half cent and .005 of a share, respectively, being rounded upward), obtained by dividing $100 by the Conversion Price (as defined below) and multiplying such resulting number by the number of shares of Series B Preferred Stock to be converted. Such conversion shall be effective at the close of business on the first business day following the Corporation's receipt of such notice. Except as provided in paragraph (2), no shares of Series B Preferred Stock may be converted unless all outstanding shares of Series B Preferred Stock are surrendered for conversion.

The term "Conversion Price" shall mean $24.735, as adjusted in accordance with the provisions of this Section (g).

(2) Notwithstanding the requirement of conversion in Section (g)(1), any shares of Series B Preferred Stock called for redemption may be converted at any time before the close of business on the second business day preceding the Redemption Date, without causing the conversion of any other shares. Upon any conversion pursuant to this Section (g)(2), the Corporation shall pay to the holder of Series B Preferred Stock so converted an amount in cash equal to all accrued and unpaid dividends on such shares to and including the date of conversion, whether or not declared (with such amount being pro rated with respect to the then current dividend period).

(3) In order to exercise the conversion privilege in the case of a conversion specified in Section (g)(2), or in order to receive certificates evidencing Common Stock issuable upon a conversion specified in Section (g)(1) or (g)(2), the holder of each share of Series B Preferred Stock to be converted, or so converted, as the case may be, shall surrender the certificate representing such share at the office of any transfer agent for the Common Stock and shall give written notice to the Corporation at such office that such holder elects to convert the same, specifying the name or names and denominations in which such holder wishes the certificate or certificates for the Common Stock to be issued (which notice may be in the form of a notice of election to convert which may be printed on the reverse side of the certificates for the shares of Series B Preferred Stock). Unless the shares issuable on conversion are to be issued in the same name as the name in which such share of Series B Preferred Stock is registered, each certificate evidencing shares surrendered for conversion shall be accompanied by instruments of transfer, in form satisfactory to the Corporation, duly executed by the holder or his duly authorized attorney, and by an amount in

cash sufficient to pay any transfer or similar tax.

The holders of shares of Series B Preferred Stock at the close of business on a Quarterly Dividend Payment Date shall be entitled to receive any previously declared dividend payable on such shares on such date notwithstanding the Corporation's default in payment of the dividend due on such Quarterly Dividend Payment Date. Except as provided in Section (g)(2) and above in this Section (g)(3), and without limiting the effect of Section (g)(5)(b), the Corporation shall not be obligated to make any payment or allowance for unpaid dividends, whether or not in arrears, on converted shares or for dividends on the shares of Common Stock issued upon such conversion, payable in respect of any period before such conversion.

As promptly as practicable after the surrender of the certificates for shares of Series B Preferred Stock as provided above, the Corporation shall issue and shall deliver at the office of any transfer agent for the Common Stock to such holder, or on his written order, a certificate or certificates for the number of full shares of Common Stock issuable upon the conversion of such shares in accordance with the provisions of this Section (g), together with a certificate or certificates representing any shares of Series B Preferred Stock that are not to be converted but shall have constituted part of the shares of Series B Preferred Stock represented by the certificate or certificates so surrendered, and any fractional interest in respect of a share of Common Stock arising upon such conversion shall be settled as provided in Section (g)(4).

Each conversion shall be deemed to have been effected immediately prior to the close of business on the date on which the certificates for shares of Series B Preferred Stock shall have been surrendered and such notice received by the Corporation as provided above (or such later time as may be specified in such notice), and the person or persons in whose name or names any certificate or certificates for shares of Common Stock shall be issuable upon such conversion shall be deemed to have become the holder or holders of record of the shares represented thereby at such time on such date, and such conversion shall be at the Conversion Price in effect at such time on such date, unless the stock transfer books of the Corporation shall be closed on such date, in which event such person or persons shall be deemed to have become such holder or holders of record at the close of business on the next succeeding day on which such stock transfer books are open, but such conversion shall be at the Conversion Price in effect on the date upon which such shares shall have been surrendered and such notice received by the Corporation. All shares of Common Stock delivered upon conversion of the shares of Series B Preferred Stock will upon delivery be duly and validly issued and fully paid and nonassessable, free of all liens and charges and not subject to any preemptive rights.

(4) No fractional shares or scrip representing fractions of shares of Common Stock shall be issued upon conversion of shares of Series B Preferred Stock. Instead of any fractional interest in a share of Common Stock that would otherwise be deliverable upon the conversion of a share of Series B Preferred Stock, the Corporation shall pay to the holder of such share of Series B Preferred Stock an amount in cash (computed to the nearest cent, with one-half cent being rounded upward) equal to the Conversion Price multiplied by the fraction of a share of Common Stock represented by such fractional interest. If more than one share of Series B Preferred Stock shall be surrendered for conversion at one time by the same holder, the number of full shares of Common Stock issuable upon conversion thereof shall be computed on the basis of the aggregate Conversion Price of the shares of Series B Preferred Stock so surrendered.

(5) The Conversion Price shall be adjusted (and the other actions specified herein shall be taken) from time to time as follows:

(a) In case the Corporation shall (x) pay a dividend or make a distribution on the Common Stock in shares of Common Stock, (y) subdivide the outstanding Common Stock into a greater number of shares or (z) combine the outstanding Common Stock into a smaller number of shares, the Conversion Price shall be adjusted so that the holder of any share of Series B Preferred Stock thereafter surrendered for conversion shall be entitled to receive the number of shares of Common Stock of the Corporation that he would have been entitled to receive after the happening of any of the events described above had such share been converted immediately prior to the record date, in the case of a dividend, or the effective date, in the case of subdivision or combination. An adjustment made pursuant to this subparagraph (a) shall become effective immediately after the record date in the case of a dividend, and shall become effective immediately after the effective date, in the case of a subdivision or combination.

(b) In case the Corporation shall distribute to holders of Common Stock generally any shares of capital stock of the Corporation (other than Common Stock) or evidences of its indebtedness or assets (excluding cash dividends or distributions paid from retained earnings or other legally permitted sources of the Corporation or dividends payable in Common Stock, but including any distribution of securities or other property pursuant to the Rights Agreement) or rights or warrants to subscribe for or purchase any of its securities including any rights issued at any time under the Rights Agreement (any of the foregoing being hereinafter in this subparagraph (b) called the "Securities"), then, in each such case, the Corporation shall make appropriate provisions to reserve an adequate amount of such Securities for distribution to the holders of the shares of Series B Preferred Stock upon the conversion of the shares of Series B Preferred Stock so that any such holder converting shares of Series B Preferred Stock will receive upon such conversion, in addition to the shares of Common Stock to which such holder is entitled, the amount and kind of such Securities that such holder would have received if such holder had, immediately prior to the record date for the distribution of the Securities or the event that required the distribution of the Securities, as the case may be, converted its shares of Series B Preferred Stock into Common Stock.

(c) Whenever the Conversion Price is adjusted as herein provided, the Corporation shall prepare and retain at its principal office a certificate, signed by the Chairman of the Board, any Vice Chairman, the President, any Senior Vice President or any Vice President of the Corporation, setting forth the Conversion Price after such adjustment and setting forth a brief statement of the facts requiring such adjustment; provided, however, that the failure of the Corporation to prepare and retain such officer's certificate shall not invalidate any corporate action by the Corporation.

(6) Whenever the Conversion Price is adjusted as provided in subparagraph (c) of Section (g)(5), the Corporation shall cause to be mailed to each holder of

shares of Series B Preferred Stock at his then registered address by first-class mail, postage prepaid, a notice of such adjustment of the Conversion Price setting forth such adjusted Conversion Price and the effective date of such adjusted Conversion Price; provided, however, that the failure of the Corporation to give such notice shall not invalidate any corporate action by the Corporation.

(7) The Corporation covenants that it will at all times reserve and keep available, free from preemptive rights, out of the aggregate of its authorized but unissued shares of Common Stock, for the purpose of effecting conversions of shares of Series B Preferred Stock, the full number of shares of Common Stock deliverable upon the conversion of all outstanding shares of Series B Preferred Stock not theretofore converted. For purposes of this Section (g)(7), the number of shares of Common Stock that shall be deliverable upon the conversion of all outstanding shares of Series B Preferred Stock shall be computed as if at the time of computation all such outstanding shares were held by a single holder.

(8) The Corporation will pay any and all documentary stamp or similar issue or transfer taxes payable in respect of the issue or delivery of shares of Common Stock on conversions of shares of Series B Preferred Stock pursuant hereto; provided, however, that the Corporation shall not be required to pay any tax that may be payable in respect of any transfer involved in the issue or delivery of shares of Common Stock in a name other than that of the holder of shares of Series B Preferred Stock to be converted and no such issue or delivery shall be made unless and until the person requesting such issue or delivery has paid to the Corporation the amount of any such tax or has established, to the satisfaction of the Corporation, that such tax has been paid.

(9) Notwithstanding any other provision herein to the contrary, if any of the following events occur: (i) any reclassification or change of outstanding shares of Common Stock (other than a change in par value, or from par value to no par value or from no par value to par value, or as a result of subdivision or combination of the Common Stock), (ii) any consolidation, merger or combination of the Corporation with or into another corporation or a statutory share exchange as a result of which holders of Common Stock shall be entitled to receive stock, securities or other property or assets (including cash) with respect to or in exchange for such Common Stock, or (iii) any sale or conveyance of all or substantially all the properties and assets of the Corporation as, or substantially as, an entirety to any other entity as a result of which holders of Common Stock shall be entitled to receive stock, securities or other property or assets (including cash) with respect to or in exchange for such Common Stock, then appropriate provision shall be made so that the holder of each share of Series B Preferred Stock then outstanding shall have the right to convert such share into the kind and amount of shares of stock and other securities and property or assets that would have been receivable upon such reclassification, change, consolidation, merger, combination, exchange, sale or conveyance by a holder of the number of shares of Common Stock issuable upon conversion of such share of Series B Preferred Stock immediately prior to such reclassification, change, consolidation, merger, combination, exchange, sale or conveyance. If, in the case of any such consolidation, merger, combination, exchange, sale or conveyance, the stock or other securities and property receivable thereupon by a holder of shares of Common Stock includes shares of stock, securities or other property or assets (including cash) of an entity other than the successor or acquiring entity, as the case may be, in such consolidation, merger, combination, exchange, sale or conveyance, then the Corporation shall enter into an agreement with such other

entity for the benefit of the holders of Series B Preferred Stock that shall contain such provisions to protect the interests of such holders as the Board of Directors of the Corporation shall reasonably consider necessary by reason of the foregoing.

(10) Upon any conversion of any shares of Series B Preferred Stock, the shares of Series B Preferred Stock so converted shall have the status of authorized and unissued shares of Preferred Stock, without designation as to series, until such shares are once more designated as part of a particular series by the Board of Directors of the Corporation.

(h) Mandatory Conversion. Except as provided in Section (g)(2), each share of Series B Preferred Stock shall be converted automatically into the number of shares of Common Stock determined as provided in Section (g)(1) immediately upon the conversion of shares of Series B Preferred Stock pursuant to such Section.

(i) Ranking. The Series B Preferred Stock shall rank on a parity with all other series of Preferred Stock as to the payment of dividends and the distribution of assets upon liquidation.

(j) Series B Director. (1) So long as any share of Series B Preferred Stock remains outstanding, the Series B Preferred Stock, voting as a separate voting group, shall be entitled to elect one member of the Board of Directors of the Corporation. Such director (the "Series B Director") shall be in addition to the number of Directors of the Corporation otherwise prescribed by the Articles of Incorporation or bylaws. Such voting right of the holders of Series B Preferred Stock may be exercised initially at a special meeting called pursuant to subparagraph (2) of this Section 6(j) or at any annual meeting of shareholders, and thereafter at annual meetings of shareholders, (or by unanimous written consent in lieu of any such meeting) provided that such voting right at any such meeting may not be exercised unless the holders of ten percent (10%) in number of shares of Series B Preferred Stock outstanding shall be present in person or by proxy. The absence of a quorum of the holders of Common Stock at any such meeting shall not affect the exercise by the holders of Series B Preferred Stock of such voting right.

(2) Unless the holders of Series B Preferred Stock shall have previously exercised their right to elect the Series B Director, the Board of Directors may order, or any holder or holders owning in the aggregate not less than ten percent (10%) of the total number of shares of Series B Preferred Stock outstanding, may request, the calling of a special meeting of the holders of Series B Preferred Stock for the purpose of electing the Series B Director, which meeting shall thereupon be called by the Chairman, President, a Vice-President or the Secretary of the Corporation. Notice of such meeting and of any annual meeting at which holders of Preferred Stock are entitled to vote pursuant to this Section 6(j) shall be given to each holder of record of Series B Preferred Stock by mailing a copy of such notice to him at his last address as the same appears on the books of the Corporation. Such meeting shall be called for a time not earlier than 10 days and not later than 60 days after such order or request. In the event such meeting is not called within 60 days after such order or request, such meeting may be called on similar notice by any holder or holders owning in the aggregate not less than ten percent (10%) of the total number of shares of Series B Preferred Stock outstanding. Notwithstanding the provisions of this 6(j), no such special meeting shall be called during the period within 60 days immediately preceding the date fixed for the next annual meeting of the holders.

Immediately upon the retirement (whether upon redemption, conversion or otherwise), of all outstanding shares of the Series B Preferred Stock, (x) the right of the holders of Preferred Stock, as a separate voting group, to elect a Director shall cease, (y) the term of the Series B Director shall terminate, and (z) the number of Directors shall be such number as may then be provided for in, or pursuant to, the Articles of Incorporation or bylaws.

(k) Amendment. The Articles of Incorporation shall not be further amended in any manner that would (i) amend this Section 6 or (ii) adversely affect the preferences, rights or powers of Series B Preferred Stock without the affirmative vote of the holders of a majority of the outstanding shares of Series B Preferred Stock, if any, voting separately as one voting group.

PART B.

COMMON STOCK.

1. Voting Rights. The holders of Common Stock shall to the exclusion of the holders of Cumulative Preferred Stock have the sole and full power to vote for the election of directors and for all other purposes without limitation except only as otherwise provided under the applicable sections of these Articles of Incorporation or by any applicable provision of law.

2. Dividends. Dividends may be declared and paid and distributions may be made on the Common Stock and shares of Common Stock may be purchased or otherwise acquired for value out of any funds of the Corporation legally available therefore without limit in any amount except as provided in the sections of these Articles of Incorporation applicable to cumulative preferred stock. The Corporation may hold or dispose of shares so purchased from time to time for its corporate purposes or may retire such shares as provided by law.

3. Distribution of Assets. The holders of the Common Stock in the event of any dissolution, liquidation or winding up of the affairs of the Corporation shall be entitled to receive all assets of the Corporation remaining after satisfaction of the full preferential amounts to which holders of the Cumulative Preferred Stock are entitled under the provisions of these Articles of Incorporation, including rights conferred by any articles of serial designation.

PART C.

PROVISIONS APPLICABLE TO ALL CLASSES OF STOCK.

1. Voting Rights. Each shareholder of record of shares of any class shall be entitled in any meeting of shareholders in which such shares are entitled to be voted to cast one (1) vote for each share of stock so held by such shareholder as shown by the stock books of the Corporation and may cast such vote in person or by proxy.

2. Certain Required Votes. Except as expressly otherwise required by these Articles of Incorporation or by the Board of Directors acting pursuant to Subsection C of Section 13.1-707 of the Virginia Stock Corporation Act, the vote required to approve an amendment or restatement of these Articles that requires shareholder approval, other than an amendment or restatement that (i) amends or affects the shareholder vote required by the Virginia Stock Corporation Act to approve a merger, statutory share exchange, sale of all or substantially all of the Corporation's assets or the dissolution of the Corporation or (ii) amends or affects this Part C or Article IV of these Articles of Incorporation, shall be a majority of the votes entitled to be cast by each voting group that is entitled to vote on the matter.

3. Preemptive Rights. No holder of shares of stock of the Corporation of any class shall have any preemptive right with respect to shares of that class of stock or of any other class of stock of the Corporation. Nothing contained herein shall, however, prevent the Board of Directors in its discretion without any action by the shareholders in connection with the issuance of any obligations or stock of the Corporation to grant rights or options for the purchase of shares of the Corporation,

either preferred or common, or to provide for the conversion of shares of one class of stock of the Corporation into shares of another class having prior or superior rights and preferences as to dividends or distribution of assets upon liquidation.

ARTICLE IV.

NUMBER OF DIRECTORS, TERM OF OFFICE AND CLASSIFICATION.

The Board of Directors shall consist of three (3) directors or such greater number of directors as shall from time to time be fixed by the bylaws of the Corporation provided that in the event the holders of Cumulative Preferred Stock shall become entitled to and shall elect not to exceed two (2) additional directors as provided in Article III, Part A, Section 4 above, such director or directors shall be in addition to the number of directors permitted and subsisting under this section and bylaws adopted pursuant hereto.

Promptly after these restated Articles of Incorporation shall become effective, the directors shall be divided into three (3) classes, each class to be as nearly equal in number as possible. At the first annual meeting after the effective date of these restated Articles of Incorporation, the first class of directors shall be elected for a term of one (1) year, the second class for a term of two (2) years and the third class for a term of three (3) years. At each annual meeting after such classification, the number of directors equal to the number of the class whose term expires at the time of such meeting shall be elected to hold office until the third succeeding annual meeting of the shareholders.

ARTICLE V.

LIMIT ON LIABILIBY AND INDEMNIFICATION

1. Definitions. For purposes of this Article V, the following terms shall have the meanings indicated:

(a) "APPLICANT" means the person seeking indemnification pursuant to this Article V;

(b) "EXPENSES" includes counsel fees;

(c) "LIABILITY" means the obligation to pay a judgment, settlement, penalty, fine, including any excise tax assessed with respect to an employee benefit plan, or reasonable expenses incurred with respect to a proceeding;

(d) "PARTY" includes an individual who was, is, or is threatened to be made a named defendant or respondent in a proceeding; and

(e) "PROCEEDING" means any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative or investigative and whether formal or informal.

2. Limitation of Liability. In any proceeding brought by a shareholder of the Corporation in the right of the Corporation or brought by or on behalf of shareholders of the Corporation, no director or officer of the Corporation shall be liable to the Corporation or its shareholders for monetary damages with respect to any transaction, occurrence or course of conduct, whether prior or subsequent to the effective date of this Article V, except for liability resulting from such person's having engaged in willful misconduct or a knowing violation of the criminal law or any federal or state securities law.

3. Indemnification. The Corporation shall indemnify (i) any person who was or is a party to any proceeding, including a proceeding brought by a shareholder in the right of the Corporation or brought by or on behalf of shareholders of the Corporation, by reason of the fact that he is or was a director or officer of the Corporation, and (ii) any director

or officer who is or was serving at the request of the Corporation as a director, trustee, partner or officer of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, against any liability incurred by him in connection with such proceeding unless he engaged in willful misconduct or a knowing violation of the criminal law. A person is considered to be serving an employee benefit plan at the Corporation's request if his duties to the Corporation also impose duties on, or otherwise involve services by, him to the plan or to participants in or beneficiaries of the plan. The Board of Directors is hereby empowered, by a majority vote of a quorum of disinterested directors, to enter into a contract to indemnify any director or officer in respect of any proceedings arising from any act or omission, whether occurring before or after the execution of such contract.

4. Application; Amendment. The provisions of this Article shall be applicable to all proceedings commenced after the adoption hereof by the shareholders of the Corporation, arising from any act or omission, whether occurring before or after such adoption. No amendment or repeal of this Article V shall have any effect on the rights provided under this Article V with respect to any act or omission occurring prior to such amendment or repeal. The Corporation shall promptly take all such actions, and make all such determinations, as shall be necessary or appropriate to comply with its obligation to make any indemnity under this Article V and shall promptly pay or reimburse all reasonable expenses incurred by any director or officer in connection with such actions and determinations or proceedings of any kind arising therefrom.

5. Termination of Proceeding. The termination of any proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not of itself create a presumption that the applicant did not meet the standard of conduct described in section 2 or 3 of this Article V.

6. Determination of Availability. Any indemnification under this Article V (unless ordered by a court) shall be made by the Corporation only as authorized in the specific case upon a determination that indemnification of the applicant is proper in the circumstances because he has met the applicable standard of conduct set forth in section 3 of this Article V.

The determination shall be made:

(a) By the Board of Directors by a majority vote of a quorum consisting of Directors not at the time parties to the proceeding;

(b) If a quorum cannot be obtained under subsection (a) of this section, by a majority vote of a committee duly designated by the Board of Directors (in which designation Directors who are parties may participate), consisting solely of two or more directors not at the time parties to the proceeding;

(c) By special legal counsel:

(i) Selected by the Board of Directors or its committee in the manner prescribed in subsection (a) or (b) of this section; or

(ii) If a quorum of the Board of Directors cannot be obtained under subsection (a) of this section and a committee cannot be designated under subsection (b) of this section, selected by majority vote of the full Board of Directors, in which selection directors who are parties may participate;

(d) By the shareholders, but shares owned by or voted under the control of Directors who are at the time parties to the proceeding may not be voted on the determination. Any evaluation as to reasonableness of expenses shall be made in the same manner as the determination that indemnification is appropriate, except that if the determination is made by special legal counsel, such evaluation as to reasonableness of expenses shall be made by those entitled under subsection (c) of this section 6 to select counsel. Notwithstanding the foregoing, in the event there has been a change in the composition of a majority of the Board of Directors after the date of the alleged act or omission with respect to which indemnification is claimed, any determination as to

indemnification and advancement of expenses with respect to any claim for indemnification made pursuant to this Article V shall be made by special legal counsel agreed upon by the Board of Directors and the applicant. If the Board of Directors and the applicant are unable to agree upon such special legal counsel, the Board of Directors and the applicant each shall select a nominee, and the nominees shall select such special legal counsel.

7. Advances. (a) The Corporation shall pay for or reimburse the reasonable expenses incurred by any applicant who is a party to a proceeding in advance of final disposition of the proceeding or the making of any determination under section 3 of this Article V if the applicant furnishes the Corporation:

(i) a written statement of his good faith belief that he has met the standard of conduct described in section 3; and

(ii) a written undertaking, executed personally or on his behalf, to repay the advance if it is ultimately determined that he did not meet such standard of conduct.

(b) The undertaking required by paragraph (ii) of subsection (a) of this section 7 shall be an unlimited general obligation of the applicant but need not be secured and may be accepted without reference to financial ability to make repayment.

(c) Authorizations of payments under this section shall be made by the persons specified in section 6 of this Article V.

8. Indemnification of Others. The Board of Directors is hereby empowered, by majority vote of a quorum consisting of disinterested Directors, to cause the Corporation to indemnify or contract to indemnify any person not specified in section 2 or 3 of this Article V who was or is a party to any proceeding, by reason of the fact that he is or was an employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, to the same extent as if such person were specified as one to whom indemnification is granted in section 3 of this Article V. The provisions of sections 4 through 7 of this Article V shall be applicable to any indemnification provided hereafter pursuant to this section 8.

9. Insurance. The Corporation may purchase and maintain insurance to indemnify it against the whole or any portion of the liability assumed by it in accordance with this Article V and may also procure insurance, in such amounts as the Board of Directors may determine, on behalf of any person who is or was a director, officer, employee or agent of the Corporation, or is serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, against any liability asserted against or incurred by him in any such capacity or arising from his status as such, whether or not the Corporation would have power to indemnify him against such liability under the provisions of this Article V.

10. Further Indemnity. Every reference herein to directors, officers, employees or agents shall include former directors, officers, employees and agents and their respective heirs, executors and administrators. The indemnification hereby provided and provided hereafter pursuant to the power conferred by this Article V on the Board of Directors shall not be exclusive of any other rights to which any person may be entitled, including any right under policies of insurance that may be purchased and maintained by the Corporation or others, with respect to claims, issues or matters in relation to which the Corporation would not have the power to indemnify such person under the provisions of this Article V. Such rights shall not prevent or restrict the power of the Corporation to make or provide for any further indemnity, or provisions for determining entitlement to indemnity, pursuant to one or more indemnification agreements, bylaws, or other arrangements (including, without limitation, creation of trust funds or security interests funded by letters of credit or other means) approved by the Board of Directors (whether or not any of the directors of the Corporation shall be a party to or beneficiary of any such agreements, bylaws or arrangements); provided, however, that any provision of such agreements, bylaws or other arrangements shall not be effective if and to the extent that it is determined to be contrary to this Article V or applicable laws of the

Commonwealth of Virginia.

11. Severability. Each provision of this Article V shall be severable, and an adverse determination as to any such provision shall in no way affect the validity of any other provision.

Exhibit 3 (b)

AMENDED AND RESTATED

BYLAWS
OF
OWENS & MINOR, INC.

ARTICLE I

Meetings of Shareholders

1.1 Places of Meetings. All meetings of the shareholders shall be held at such place, either within or without the Commonwealth of Virginia, as from time to time may be fixed by the Board of Directors.

1.2 Annual Meetings. The annual meeting of the shareholders, for the election of Directors and transaction of such other business as may come before the meeting, shall be held in each year on the fourth Tuesday in April, at 11:00 a.m., or on such other business day that is not earlier than the first day of March and not later than the last day of April, or at such other time, as shall be fixed by the Board of Directors.

1.3 Special Meetings. A special meeting of the shareholders for any purpose or purposes may be called at any time by the Chairman of the Board, the President, or by a majority of the Board of Directors. At a special meeting no business shall be transacted and no corporate action shall be taken other than that stated in the notice of the meeting.

1.4 Notice of Meetings. Written or printed notice stating the place, day and hour of every meeting of the shareholders and, in case of a special meeting, the purpose or purposes for which the meeting is called, shall be mailed not less than ten nor more than sixty days before the date of the meeting to each shareholder of record entitled to vote at such meeting, at his address which appears in the share transfer books of the Corporation. Such further notice shall be given as may be required by law, but meetings may be held without notice if all the shareholders entitled to vote at the meeting are present in person or by proxy or if notice is waived in writing by those not present, either before or after the meeting.

1.5 Quorum. Any number of shareholders together holding at least a majority of the outstanding shares of capital stock entitled to vote with respect to the business to be transacted, who shall be present in person or represented by proxy at any meeting duly called, shall constitute a quorum for the transaction of business. If less than a quorum shall be in attendance at the time for which a meeting shall have been called, the meeting may be adjourned from time to time by a majority of the shareholders present or represented by proxy without notice other than by announcement at the meeting.

1.6 Voting. At any meeting of the shareholders each shareholder of a class entitled to vote on any matter coming before the meeting shall, as to such matter, have one vote, in person or by proxy, for each share of capital stock of such class standing in his name on the books of the Corporation on the date, not more than seventy days prior to such meeting, fixed by the Board of Directors as the record date for the purpose of determining shareholders entitled to vote. Every proxy shall be in writing, dated and signed by the shareholder entitled to vote or his duly authorized attorney-in-fact.

1.7 Inspectors. An appropriate number of inspectors for any meeting of shareholders may be appointed by the Chairman of such meeting. Inspectors so appointed will open and close the polls, will receive and take charge of proxies and ballots, and will decide all questions as to the qualifications of

voters, validity of proxies and ballots, and the number of votes properly cast.

ARTICLE II

DIRECTORS

2.1 General Powers. The property, affairs and business of the Corporation shall be managed under the direction of the Board of Directors, and, except as otherwise expressly provided by law, the Articles of Incorporation or these Bylaws, all of the powers of the Corporation shall be vested in such Board.

2.2 Number of Directors. The number of Directors constituting the Board of Directors shall be ten (10). The Directors shall be divided into three (3) classes, each class to be as nearly equal in number as possible.

2.3 Election and Removal of Directors; Quorum.

(a) At each annual meeting of shareholders, (i) the number of Directors equal to the number in the class whose term expires at the time of such meeting shall be elected to hold office until the third succeeding annual meeting and until their successors are elected, and (ii) any other vacancies then existing shall be filled.

(b) Any Director may be removed from office at a meeting called expressly for that purpose by the vote of shareholders holding not less than a majority of the shares entitled to vote at an election of Directors.

(c) Any vacancy occurring in the Board of Directors may be filled by the affirmative vote of the majority of the remaining Directors though less than a quorum of the Board, and the term of office of any Director so elected shall expire at the next shareholders' meeting at which directors are elected.

(d) A majority of the number of Directors fixed by these Bylaws shall constitute a quorum for the transaction of business. The act of a majority of Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors. Less than a quorum may adjourn any meeting.

2.4 Meetings of Directors. An annual meeting of the Board of Directors shall be held as soon as practicable after the adjournment of the annual meeting of shareholders at such place as the Board may designate. Other meetings of the Board of Directors shall be held at places within or without the Commonwealth of Virginia and at times fixed by resolution of the Board, or upon call of the Chairman of the Board, the President or a majority of the Directors. The Secretary or officer performing the Secretary's duties shall give not less than twenty-four hours' notice by letter, telegraph or telephone (or in person) of all meetings of the Board of Directors, provided that notice need not be given of the annual meeting or of regular meetings held at times and places fixed by resolution of the Board. Meetings may be held at any time without notice if all of the Directors are present, or if those not present waive notice in writing either before or after the meeting. The notice of meetings of the Board need not state the purpose of the meeting.

2.5 Compensation. By resolution of the Board, Directors may be allowed a fee and expenses for attendance at all meetings, but nothing herein shall preclude Directors from serving the Corporation in other capacities and receiving compensation for such other services.

2.6 Eligibility for Service as a Director. No person shall be elected or reelected as a Director if at the time of such proposed election or re-election such person shall have attained the age of 75 years. No person shall serve as a Director after

the annual meeting following his or her seventy-fifth (75th) birthday; provided that the provisions of this sentence shall not apply to any person elected as a director for a term beginning prior to January 1, 1993, during such term.

2.7 Director Emeritus. The Board of Directors may from time to time elect one or more Directors Emeritus. A Director Emeritus may be named "Chairman Emeritus" or "Vice Chairman Emeritus" if such person holds the office of Chairman or Vice Chairman of the Corporation or any of its subsidiaries at the time of retirement as a Director thereof. Each Director Emeritus shall be elected for a term expiring on the date of the next annual meeting of the Board. Directors Emeritus may attend meetings of the Board of Directors but shall not be entitled to vote at such meetings and shall not be considered "directors" for purposes of these Bylaws or for any other purpose, except that they shall be entitled to receive notice of all regular and special meetings of the Board of Directors. Each Director Emeritus shall be paid the same fees as members of the Board of Directors for attendance at Board meetings.

ARTICLE III

COMMITTEES.

3.1 Executive Committee. The Board of Directors, by resolution adopted by a majority of the number of Directors fixed by these Bylaws, may elect an Executive Committee which shall consist of not less than three Directors, including the President. When the Board of Directors is not in session, the Executive Committee shall have all power vested in the Board of Directors by law, by the Articles of Incorporation, or by these Bylaws, provided that the Executive Committee shall not have power to (i) approve or recommend to shareholders action that the Virginia Stock Corporation Act requires to be approved by shareholders; (ii) fill vacancies on the Board or on any of its committees; (iii) amend the Articles of Incorporation pursuant to (Section Mark)13.1-706 of the Virginia Code; (iv) adopt, amend, or repeat the Bylaws; (v) approve a plan of merger not requiring shareholder approval; (vi) authorize or approve a distribution, except according to a general formula or method prescribed by the Board of Directors; or (vii) authorize or approve the issuance or sale or contract for sale of shares, or determine the designation and relative rights, preferences, and limitations of a class or series of shares, other than within limits specifically prescribed by the Board of Directors. The Executive Committee shall report at the next regular or special meeting of the Board of Directors all action that the Executive Committee may have taken on behalf of the Board since the last regular or special meeting of the Board of Directors.

3.2 Other Committees. The Board of Directors, by resolution adopted by a majority of the number of Directors fixed by these Bylaws, may establish such other standing or special committees of the Board as it may deem advisable, consisting of not less than two Directors; and the members, terms and authority of such committees shall be as set forth in the resolutions establishing the same.

3.3 Meetings. Regular and special meetings of any Committee established pursuant to this Article may be called and held subject to the same requirements with respect to time, place and notice as are specified in these Bylaws for regular and special meetings of the Board of Directors.

3.4 Quorum and Manner of Acting. A majority of the number of members of any Committee shall constitute a quorum for the transaction of business at such meeting. The action of a majority of those members present at a Committee meeting at which a quorum is present shall constitute the act of the Committee.

3.5 Term of Office. Members of any Committee shall be

elected as above provided and shall hold office until their successors are elected by the Board of Directors or until such Committee is dissolved by the Board of Directors.

3.6 Resignation and Removal. Any member of a Committee may resign at any time by giving written notice of his intention to do so to the President or the Secretary of the Corporation, or may be removed, with or without cause, at any time by such vote of the Board of Directors as would suffice for his election.

3.7 Vacancies. Any vacancy occurring in a Committee resulting from any cause whatever may be filled by a majority of the number of Directors fixed by these Bylaws.

ARTICLE IV

OFFICERS

4.1 Election of Officers: Terms. The officers of the Corporation shall consist of a President, a Secretary and a Treasurer. Other officers, including a Chairman of the Board, one or more Vice Presidents (whose seniority and titles, including Executive Vice Presidents and Senior Vice Presidents, may be specified by the Board of Directors), and assistant and subordinate officers, may from time to time be elected by the Board of Directors. All officers shall hold office until the next annual meeting of the Board of Directors and until their successors are elected. The President shall be chosen from among the Directors. Any two officers may be combined in the same person as the Board of Directors may determine.

4.2 Removal of Officers: Vacancies. Any officer of the Corporation may be removed summarily with or without cause, at any time, by the Board of Directors. Vacancies may be filled by the Board of Directors.

4.3 Duties. The officers of the Corporation shall have such duties as generally pertain to their offices, respectively, as well as such powers and duties as are prescribed by law or are hereinafter provided or as from time to time shall be conferred by the Board of Directors. The Board of Directors may require any officer to give such bond for the faithful performance of his duties as the Board may see fit.

4.4 Duties of the President. The President shall be the chief executive officer of the Corporation and shall be primarily responsible for the implementation of policies of the Board of Directors. He shall have authority over the general management and direction of the business and operations of the Corporation and its divisions, if any, subject only to the ultimate authority of the Board of Directors. He shall be a Director and, except as otherwise provided in these Bylaws or in the resolutions establishing such committees, he shall be ex officer a member of all Committees of the Board. In the absence of the Chairman and the Vice-Chairman of the Board, or if there are no such officers, the President shall preside at all corporate meetings. He may sign and execute in the name of the Corporation share certificates, deeds, mortgages, bonds, contracts or other instruments except in cases where the signing and the execution thereof shall be expressly delegated by these Bylaws to some other officer or agent of the Corporation or shall be required by law otherwise to be signed or executed. In addition, he shall perform all duties incident to the office of the President and such other duties as from time to time may be assigned to him by the Board of Directors.

4.5 Duties of the Vice Presidents. Each Vice President (which term includes any Senior Executive Vice President, Executive Vice President and Senior Vice President), if any, shall have such powers and duties as may from time to time be assigned to him by the President or the Board of Directors. Any Vice President may sign and execute in the name of the Corporation deeds, mortgages, bonds, contracts or other

instruments authorized by the Board of Directors, except where the signing and execution of such documents shall be expressly delegated by the Board of Directors or the President to some other officer or agent of the Corporation or shall be required by law or otherwise to be signed or executed.

4.6 Duties of the Treasurer. The Treasurer shall have charge of and be responsible for all funds, securities, receipts and disbursements of the Corporation, and shall deposit all monies and securities of the Corporation in such banks and depositories as shall be designated by the Board of Directors. He shall be responsible (i) for maintaining adequate financial accounts and records in accordance with generally accepted accounting practices; (ii) for the preparation of appropriate operating budgets and financial statements; (iii) for the preparation and filing of all tax returns required by law; and (iv) for the performance of all duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him by the Board of Directors or the President. The Treasurer may sign and execute in the name of the Corporation share certificates, deeds, mortgages, bonds, contracts or other instruments, except in cases where the signing and the execution thereof shall be expressly delegated by the Board of Directors or by these Bylaws to some other officer or agent of the Corporation or shall be required by law or otherwise to be signed or executed.

4.7 Duties of the Secretary. The Secretary shall act as secretary of all meetings of the Board of Directors and shareholders of the Corporation. When requested, he shall also act as secretary of the meetings of the committees of the Board. He shall keep and preserve the minutes of all such meetings in permanent books. He shall see that all notices required to be given by the Corporation are duly given and served; shall have custody of the seal of the Corporation and shall affix the seal or cause it to be affixed by facsimile or otherwise to all share certificates of the Corporation and to all documents the execution of which on behalf of the Corporation under its corporate seal is required in accordance with law or the provisions of these Bylaws; shall have custody of all deeds, leases, contracts and other important corporate documents; shall have charge of the books, records and papers of the Corporation relating to its organization and management as a Corporation; shall see that all reports, statements and other documents required by law (except tax returns) are properly filed; and shall in general perform all the duties incident to the office of Secretary and such other duties as from time to time may be assigned to him by the Board of Directors or the President.

4.8 Compensation. The Board of Directors shall have authority to fix the compensation of all officers of the Corporation.

ARTICLE V

CAPITAL STOCK

5.1 Certificates. The shares of capital stock of the Corporation shall be evidenced by certificates in forms prescribed by the Board of Directors and executed in any manner permitted by law and stating thereon the information required by law. Transfer agents and/or registrars for one or more classes of shares of the Corporation may be appointed by the Board of Directors and may be required to countersign certificates representing shares of such class or classes. If any officer whose signature or facsimile thereof shall have been used on a share certificate shall for any reason cease to be an officer of the Corporation and such certificate shall not then have been delivered by the Corporation, the Board of Directors may

nevertheless adopt such certificate and it may then be issued and delivered as though such person had not ceased to be an officer of the Corporation.

5.2 Lost, Destroyed and Mutilated Certificates. Holders of the shares of the Corporation shall immediately notify the Corporation of any loss, destruction or mutilation of the certificate therefor, and the Board of Directors may in its discretion cause one or more new certificates for the same number of shares in the aggregate to be issued to such shareholder upon the surrender of the mutilated certificate or upon satisfactory proof of such loss or destruction, and the deposit of a bond in such form and amount and with such surety as the Board of Directors may require.

5.3 Transfer of Shares. The shares of the Corporation shall be transferable or assignable only on the books of the Corporation by the holder in person or by attorney on surrender of the certificate for such shares duly endorsed and, if sought to be transferred by attorney, accompanied by a written power of attorney to have the same transferred on the books of the Corporation. The Corporation will recognize, however, the exclusive right of the person registered on its books as the owner of shares to receive dividends or other distributions and to vote as such owner. To the extent that any provision of the Amended and Restated Rights Agreement between the Corporation and Wachovia Bank of North Carolina, N.A., as Rights Agent, dated as of May 10, 1994, is deemed to constitute a restriction on the transfer of any securities of the Corporation, including, without limitation, the Rights, as defined therein, such restriction is hereby authorized by these Bylaws.

5.4 Fixing Record Date. For the purpose of determining shareholders entitled to notice of or to vote at any meeting of shareholders or any adjournment thereof, or entitled to receive payment of any dividend or other distribution, or in order to make a determination of shareholders for any other proper purpose, the Board of Directors may fix in advance a date as the record date for any such determination of shareholders, such date in any case to be not more than seventy days prior to the date on which the particular action, requiring such determination of shareholders, is to be taken. If no record date is fixed for the determination of shareholders entitled to notice of or to vote at a meeting of shareholders, or shareholders entitled to receive payment of a dividend or other distribution, the date on which notices of the meeting are mailed or the date on which the resolution of the Board of Directors declaring such dividend or other distribution is adopted, as the case may be, shall be the record date for such determination of shareholders. When a determination of shareholders entitled to vote at any meeting of shareholders has been made as provided in this section, such determination shall apply to any adjournment thereof unless the Board of Directors fixes a new record date, which it shall do if the meeting is adjourned to a date more than 120 days after the date fixed for the original meeting.

ARTICLE VI

MISCELLANEOUS PROVISIONS

6.1 Seal. The seal of the Corporation shall consist of a circular design with the words "Owens & Minor, Inc." around the top margin thereof, "Richmond, Virginia" around the lower margin thereof and the word "Seal" in the center thereof.

6.2 Fiscal Year. The fiscal year of the Corporation shall end on such date and shall consist of such accounting periods as may be fixed by the Board of Directors.

6.3 Checks, Notes and Drafts. Checks, notes, drafts and other orders for the payment of money shall be signed by such persons as the Board of Directors from time to time may

authorize. When the Board of Directors so authorizes, however, the signature of any such person may be a facsimile.

6.4 Amendment of Bylaws. Unless proscribed by the Articles of Incorporation, these Bylaws may be amended or altered at any meeting of the Board of Directors by affirmative vote of a majority of the number of Directors fixed by these Bylaws. The shareholders entitled to vote in respect of the election of Directors, however, shall have the power to rescind, amend, alter or repeal any Bylaws and to enact Bylaws which, if expressly so provided, may not be amended, altered or repealed by the Board of Directors.

6.5 Voting of Shares Held. Unless otherwise provided by resolution of the Board of Directors or of the Executive Committee, if any, the President may cast the vote which the Corporation may be entitled to cast as a shareholder or otherwise in any other corporation, any of whose securities may be held by the Corporation, at meetings of the holders of the shares or other securities of such other corporation, or to consent in writing to any action by any such other corporation, or in lieu thereof, from time to time appoint an attorney or attorneys or agent or agents of the Corporation, in the name and on behalf of the Corporation, to cast such votes or give such consents. The President shall instruct any person or persons so appointed as to the manner of casting such votes or giving such consent and may execute or cause to be executed

on behalf of the Corporation, and under its corporate seal or otherwise, such written proxies, consents, waivers or other instruments as may be necessary or proper.

ARTICLE VII

EMERGENCY BYLAWS

7.1 The Emergency Bylaws provided in this Article VII shall be operative during any emergency, notwithstanding any different provision in the preceding Articles of these Bylaws or in the Articles of Incorporation of the Corporation or in the Virginia Stock Corporation Act (other than those provisions relating to emergency bylaws). An emergency exists if a quorum of the Corporation's Board of Directors cannot readily be assembled because of some catastrophic event. To the extent not inconsistent with these Emergency Bylaws, the Bylaws provided in the preceding Articles shall remain in effect during such emergency and upon the termination of such emergency the Emergency Bylaws shall cease to be operative unless and until another such emergency shall occur.

7.2 During any such emergency:

(a) Any meeting of the Board of Directors may be called by any officer of the Corporation or by any Director. The notice thereof shall specify the time and place of the meeting. To the extent feasible, notice shall be given in accord with Section 2.4 above, but notice may be given only to such of the Directors as it may be feasible to reach at the time, by such means as may be feasible at the time, including publication or radio, and at a time less than twenty-four hours before the meeting if deemed necessary by the person giving notice. Notice shall be similarly given, to the extent feasible, to the other persons referred to in (b) below.

(b) At any meeting of the Board of Directors, a quorum shall consist of a majority of the number of Directors fixed at the time by these Bylaws. If the Directors present at any particular meeting shall be fewer than the number required for such quorum, other persons present as referred to below, to the number necessary to make up such quorum, shall be deemed Directors for such particular meeting as determined by the following provisions and in the following order of priority:

(i) Vice-Presidents not already serving as Directors, in the order of their seniority of first election to such offices, or if two or more shall have been first elected to such offices on the same day, in the order of their seniority in age;

(ii) All other officers of the Corporation in the order of their seniority of first election to such offices, or if two or more shall have been first elected to such offices on the same day, in the order of their seniority in age; and

(iii) Any other persons that are designated on a list that shall have been approved by the Board of Directors before the emergency, such persons to be taken in such order of priority and subject to such conditions as may be provided in the resolution approving the list.

(c) The Board of Directors, during as well as before any such emergency, may provide, and from time to time modify, lines of succession in the event that during such an emergency any or all officers or agents of the Corporation shall for any reason be rendered incapable of discharging their duties.

(d) The Board of Directors, during as well as before any such emergency, may, effective in the emergency, change the principal office, or designate several alternative offices, or authorize the officers so to do.

7.3 No officer, Director or employee shall be liable for action taken in good faith in accordance with these Emergency Bylaws.

7.4 These Emergency Bylaws shall be subject to repeal or change by further action of the Board of Directors or by action of the shareholders, except that no such repeal or change shall modify the provisions of the next preceding paragraph with regard to action or inaction prior to the time of such repeal or change. Any such amendment of these Emergency Bylaws may make any further or different provision that may be practical and necessary for the circumstances of the emergency.

Exhibit 4(b)

AMENDMENT TO
OWENS & MINOR, INC.
0% SUBORDINATED NOTE
DUE MAY 31, 1997

This Amendment dated as of April 29, 1994 to the 0% Subordinated Note Due May 31, 1997 in the principal amount of $11,500,000 issued by Owens & Minor, Inc., a Virginia Corporation ("O&M"), to Hygeia Limited, a Cayman Islands corporation ("Hygeia") or registered assigns (the "0% Subordinated Note") is made by and between O&M and Hygeia.

RECITALS

A. Pursuant to an Agreement of Exchange, dated as of December 22, 1993, as amended and restated on March 31, 1994, by and among O&M, O&M Holding, Inc. ("O&M Holding"), Stuart Medical, Inc. ("SMI") and the principal shareholders of SMI (the "Exchange Agreement"), at the Effective Time (as such term is defined in the Exchange Agreement), each issued and outstanding share of common stock of O&M will be exchanged for one share of common stock of O&M Holding (the "Exchange") and O&M will become a wholly-owned subsidiary of O&M Holding.

B. The 0% Subordinated Note provides that it is subordinate in right of payment to certain indebtedness of O&M.

C. The parties wish to amend the 0% Subordinated Note to make it subordinate in right of payment to certain indebtedness of O&M Holding as well as O&M.

NOW THEREFORE, the parties hereby agree as follows:

1. Amendment. The subheading "Subordination" and the provisions thereunder shall be deleted and the following shall be substituted therefore:

> Subordination. This Note is subordinated and subject in right of payment to the payment, in accordance with the terms of, (1) indebtedness of O&M Holding provided for in the Credit Agreement dated as of April 29, 1994 among O&M Holding, Inc., certain of its subsidiaries as guarantors, the banks identified therein, NationsBank of North Carolina, N.A., as Agent, Chemical Bank, N.A. and Crestar Bank, as Co-Agents, and NationsBank of North Carolina, N.A., as Administrative Agent (the "Credit Agreement"), (2) any indebtedness incurred or issued by the Company or O&M Holding to replace or refinance indebtedness under the Credit Agreement ("Refinanced Indebtedness") and (3) indebtedness of the Company or O&M Holding owing to any commercial bank or other lending institution that may hereafter extend term, revolving credit or line of credit financing or similar financing (a "Bank Loan"); provided, however, that nothing herein shall be construed to impair the ability of the Company to pay to the registered owner hereof any installments of principal or interest owing hereunder until such time as there shall have occurred a default with respect to the Credit Agreement, Refinanced Indebtedness or a Bank Loan or any evidence of indebtedness or collateral document relating to the foregoing. In addition, nothing herein is intended to or shall impair as between the Company, its creditors (other than lenders with

respect to the indebtedness owing pursuant to the Credit Agreement, holders of any Refinanced Indebtedness or any lending institution with respect to a Bank Loan), and the registered owner of this Note, the obligation of the Company, which shall be absolute and unconditional, to pay to the registered owner of this Note, the principal of and interest on this Note, as and when the same shall become due and payable in accordance with its terms, or to affect the relative rights of the registered owner of this Note, and creditors of the Company or O&M Holding (other than lenders with respect to the indebtedness owing pursuant to the Credit Agreement, holders of any Refinanced Indebtedness or any lending institution with respect to a Bank Loan), nor shall anything herein or therein prevent the registered owner of this Note from exercising all remedies otherwise permitted by applicable law upon default.

2. Effective Date of Amendment. This Amendment shall become effective at and as of the Effective Time; provided, however, that if the Exchange is never consummated, this Amendment shall become void and of no further force and effect.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed as of the date first written above.

OWENS & MINOR, INC.

By:/s/

Title:

HYGEIA LIMITED

By:/s/
Title:

Exhibit 4(c)

Owens & Minor, Inc.

9.10% Convertible Subordinated Note

Due May 31, 1996

$3,332,912 May 10, 1994

FOR VALUE RECEIVED, the undersigned, Owens & Minor, Inc. (formerly, O&M Holding, Inc.), a Virginia corporation (herein called the "Company"), hereby promises to pay to Hygeia Limited, a Cayman Islands corporation or registered assigns (hereinafter called the "Payee"), the principal sum of Three Million Three Hundred Thirty-two Thousand Nine Hundred Twelve Dollars ($3,332,912), together with interest from the date hereof (computed on the basis of the actual number of days elapsed and a 365-day year) at the rate of nine and one-tenth per centum (9 1/10%) per annum, compounded semiannually, on the principal amount from time to time remaining unpaid hereof at the Company's offices in Richmond, Virginia or at such other place as the Payee may from time to time in writing designate. Interest and principal shall be payable in lawful money of the United States of America, as follows:

(a) The entire principal amount of this Note together with interest accrued and unpaid thereon shall be paid on May 31, 1996.

(b) Interest ("Total Interest") shall accrue daily from the date hereof at the rate of 9.10% per annum, compounded semiannually, on the principal amount outstanding from time to time. Interest ("Current Interest") at the rate of 6.82586% per annum shall be payable in arrears semi-annually on November 30 and May 31 of each year commencing May 31, 1994 and continuing thereafter until the principal amount hereof shall have been repaid as provided herein or this Note shall have been redeemed or converted in its entirety as hereinafter provided, with the difference between the Total Interest and the Current Interest being payable at maturity on May 31, 1996.

This Note was issued on May 10, 1994 with original issue discount ("OID") for federal income tax purposes. The amount of OID is approximately $167,088, and equals the difference between the Total Interest and the Current Interest to the maturity date of May 31, 1996.

This Note contains provisions entitling the registered owner hereof to convert all or any part of the principal balance of the Note into an aggregate of 577,986.95 shares (subject to adjustment as set forth herein) of the Company's Common Stock (as hereinafter defined).

Subordination

This Note is subordinated and subject in right of payment to the payment, in accordance with the terms of, (1) indebtedness of the Company provided for in the Credit Agreement dated as of April 29, 1994 among O&M Holding, Inc., certain of its subsidiaries as guarantors, the banks identified therein, NationsBank of North Carolina, N.A., as Agent, Chemical Bank, N.A. and Crestar Bank, as Co-Agents and NationsBank of North Carolina, N.A., as Administrative Agent (the "Credit Agreement"), (2) any indebtedness incurred or issued by the Company to replace or refinance

indebtedness under the Credit Agreement ("Refinanced Debt") and (3) indebtedness of the Company owing to any commercial bank or other lending institution that may hereafter extend term, revolving credit or line of credit financing or similar financing (a "Bank Loan"); provided, however, that nothing herein shall be construed to impair the ability of the Company to pay to the registered owner hereof any installments of principal or interest owing hereunder until such time as there shall have occurred a default with respect to the Credit Agreement, Refinanced Debt, a Bank Loan or any evidence of indebtedness or collateral document relating to the foregoing. In addition, nothing herein is intended to or shall impair as between the Company, its creditors (other than lenders with respect to the indebtedness owing pursuant to the Credit Agreement, holders of any Refinanced Debt or any lending institution with respect to a Bank Loan), and the registered owner of this Note, the obligation of the Company, which shall be absolute and unconditional, to pay to the registered owner of this Note, the principal of and interest on this Note, as and when the same shall become due and payable in accordance with its terms, or to affect the relative rights of the registered owner of this note, and creditors of the Company (other than lenders with respect to the indebtedness owing pursuant to the Credit Agreement, holders of any Refinanced Debt or any lending institution with respect to a Bank Loan), nor shall anything herein or therein prevent the registered owner of this Note from exercising all remedies otherwise permitted by applicable law upon default.

Redemption

Subject to the right of conversion into the Company's Common Stock as herein provided, this Note is subject to full or partial redemption from time to time at any time at the option of the Company as follows:

(1) The Company shall redeem the Note, by payment, in the case of full redemption, of 105% of the principal amount outstanding, together with all Current Interest accrued and unpaid until the date of redemption, and in the case of partial redemption hereof, payment shall be in the minimum amount of Ten Thousand Dollars ($10,000), and shall be applied first to payment of any accrued Current Interest owing hereunder, and of the remainder of any payment in partial redemption, (i) 95.226% shall be applied to payment of principal hereof and (ii) 4.774% shall be applied to payment of the difference between Total Interest and Current Interest.

(2) The Company shall give the Payee thirty (30) days prior written notice of its intent to redeem all or any portion of this Note.

Conversion

The registered owner of this Note is hereby given the right at any time before May 15, 1996, to convert all or a portion of the unpaid principal amount of this Note (and the right to the difference between Total Interest and Current Interest on the converted principal amount) as such registered owner desires to convert, from time to time, into fully paid and nonassessable shares of the Common Stock, $2.00 par value per share, of the Company (the "Common Stock") as follows:

(1) Conversion Price. The registered owner of this Note shall receive one share of Common Stock for each $5.7664139 (the "Conversion Price") in principal amount of this Note so converted, subject to adjustment as set forth in (3) below.

(2) Procedure for Conversion. In order to exercise the conversion privilege, the registered owner shall surrender this Note to the Company at its main office in

Richmond, Virginia, accompanied by written notice to the Company that such owner elects to convert the entire or some designated portion of this Note. Such notice shall also state the name or names (with addresses) in which the certificate or certificates for shares of Common Stock issuable upon such conversion shall be issued. As promptly as practicable after the receipt of such notice and surrender of this Note as aforesaid, the Company shall issue and deliver to the registered owner, or as otherwise specified on his written order, a certificate or certificates for the number of full shares of Common Stock issuable upon the conversion of this Note (or specified portion hereof), together with payment of Current Interest at the aforesaid Current Interest rate on the principal amount of this Note so converted, accrued and unpaid through the effective date of the conversion. Such conversion shall be deemed to have been effected at the close of business on the date on which such notice shall have been received by the Company and this Note shall have been surrendered as aforesaid. A proportionate number of the shares of Common Stock issued by the Company upon conversion shall be attributable to, and constitute full payment of, the difference between Total Interest and Current Interest on the principal amount converted. If this Note is converted in part only, upon such conversion the Company shall execute and deliver to the registered holder, at the expense of the Company, a new Note or Notes in principal amount equal to the unconverted principal amount of this Note. No fractional shares shall be issued upon conversion of any Note and any portion of the principal hereof that would otherwise be convertible into a fractional share shall be paid in cash at the rate of $5.7664139 per full share.

(3) Adjustment. The Conversion Price set forth in (1) above shall be subject to appropriate adjustment to reflect any stock split, reverse stock split, stock dividend or similar event affecting the aggregate number of shares of Common Stock outstanding.

(4) Priority of Conversion Privilege. The right of the Company to make payments on the principal amount of this Note shall be subject at all times to the right of the Payee, at any time before the date on which payments of principal are actually made, whether pursuant to the exercise by the Company of its right of redemption or otherwise, to convert this Note or any portion hereof into Common Stock as set forth herein.

The Company shall at all times reserve and keep available a number of its authorized but unissued shares of Common Stock sufficient to permit the exercise in full by the registered owners of all of the Notes of their respective conversion rights thereunder.

Sale of Note

This Note has not been registered under the 1933 Act or under the securities laws of any state. This Note, when issued, may not be sold, transferred, pledged or hypothecated in the absence of (1) an effective registration statement for the Note under the 1933 Act, and such registration or qualification as may be necessary under the securities laws of any state, or (2) an opinion of counsel in form and substance reasonably satisfactory to the Company that such registration or qualification is not required.

This Note shall be registered on books of the Company that shall be kept at its principal office for that purpose, and shall be transferable only on such books by the registered owner hereof in person or by duly authorized attorney upon surrender of this Note properly endorsed, and only in compliance with the next preceding paragraph hereof.

Events of Default; Remedies

(a) If any one or more of the following events shall occur for any reason whatsoever (whether such occurrence shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or other governmental body), it shall be deemed an Event of Default hereunder:

(1) default by the Company in the due and punctual payment of the principal, interest, or both on this Note when and as the same shall become due and payable, whether at maturity or at a date fixed for prepayment or by acceleration or otherwise (a "Payment Default");

(2) the Company's becoming insolvent or unable to meet its obligations as they mature, making a general assignment for the benefit of creditors, or consenting to the appointment of a trustee or a receiver, or admitting in writing its inability to pay its debts as they mature;

(3) the appointment of a trustee or receiver for the Company or for a substantial part of the properties of the Company without the consent of the Company and such trustee or receiver not being discharged within sixty (60) days; and

(4) the institution of bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings by or against the Company and, if instituted against it, the same being consented to by the Company or remaining undismissed for a period of sixty (60) days; and

(5) (i) an event of default, as defined in any indenture, instrument or agreement evidencing the indebtedness under the Credit Agreement, or any Bank Loan or the 0% Subordinated Note issued by Owens & Minor, Inc. (now named Owens & Minor Medical, Inc.), due May 31, 1997 in the principal amount of $11,500,000, shall happen and be continuing and such indebtedness shall have been accelerated so that the same shall be or become due and payable prior to the date on which the same would otherwise have become due and payable, or

(ii) a default in the payment when due of any amount due under any instrument or agreement under which the Company shall hereafter have outstanding at least $1,000,000 aggregate principal amount of indebtedness for borrowed money shall happen and be continuing, provided that if any such event of default under any such indenture, instrument or agreement shall be remedied or cured by the Company, such acceleration shall be rescinded or annulled or such event of default shall be waived by the holders of such indebtedness, then the Event of Default hereunder by reason thereof shall be deemed likewise to have been thereupon remedied, cured or waived and any acceleration hereunder rescinded and annulled without further action upon the part of either the Company or the holder hereof.

(b) In case an Event of Default shall occur, and in the case of a Payment Default, shall be continuing for more than ten days, this Note may be declared due and payable, whereupon the maturity of the then unpaid principal balance of the Note shall be accelerated and the same and all Current Interest accrued and unpaid thereon, together with the difference between the Total Interest and Current Interest on such principal balance through the maturity date, shall forewith become due and payable without presentment, demand, protest or notice of any kind, all of which are hereby expressly waived, anything contained herein to the contrary notwithstanding, and the holder may exercise and shall have any and all remedies accorded by law.

Miscellaneous

Upon receipt by the Company of evidence satisfactory to it of the loss, theft, destruction or mutilation of this

Note, and (in case of loss, theft or destruction) of indemnity satisfactory to it, and upon reimbursement to the Company of all reasonable expenses incidental thereto, and upon surrender and cancellation of the Note, if mutilated, the Company will make and deliver a new Note of like tenor in the principal amount of this Note then outstanding in lieu of such Note. Any Note so made and delivered shall be dated as of the date to which interest shall have been paid on this Note when lost, stolen, destroyed or mutilated.

The terms of this Note shall be governed by and construed in accordance with the laws of the Commonwealth of Virginia.

This Note shall not be valid or obligatory for any purpose until authenticated by the execution hereof by the President or a Senior Vice President of the Company and registered upon the books of the Company as hereinabove provided.

IN WITNESS WHEREOF, Owens & Minor, Inc., a Virginia corporation, has caused this note to be signed in its corporate name by its President or a Senior Vice President, by authority duly given, all as of the day and year first above written.

OWENS & MINOR, INC.

By /s/
President

CREDIT AGREEMENT

Dated as of April 29, 1994

among

O&M HOLDING, INC.
(to be renamed Owens & Minor, Inc. after the Initial Funding Date),
as Borrower,

AND

CERTAIN OF ITS SUBSIDIARIES IDENTIFIED HEREIN
as Guarantors

THE BANKS IDENTIFIED HEREIN,

NATIONSBANK OF NORTH CAROLINA, N.A.,
as Agent,

CHEMICAL BANK
and
CRESTAR BANK,
as Co-Agents,

AND

NATIONSBANK OF NORTH CAROLINA, N.A.,
as Administrative Agent

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CREDIT AGREEMENT

THIS CREDIT AGREEMENT dated as of April 29, 1994 (the "Credit Agreement"), is by and among O&M HOLDING, INC., a Virginia corporation, which is expected to change its name to Owens & Minor, Inc. after the Initial Funding Date (the "Borrower"), CERTAIN OF ITS SUBSIDIARIES identified as a "Guarantor" in the definition thereof and on the signature pages hereto (hereinafter sometimes referred to individually as a "Guarantor" and collectively as the "Guarantors"), the various banks and lending institutions identified on the signature pages hereto (each a "Bank" and collectively, the "Banks"), NATIONSBANK OF NORTH CAROLINA, N.A. as agent (in such capacity, the "Agent" or "Administrative Agent"), CHEMICAL BANK and CRESTAR BANK as co-agents (in such capacity, the "Co-Agents") and NATIONSBANK OF NORTH CAROLINA, N.A., as administrative agent for the Banks (in such capacity, the "Administrative Agent").

W I T N E S S E T H

WHEREAS, the Borrower has requested that the Banks provide a $350,000,000 credit facility for the purposes hereinafter set forth;

WHEREAS, the Banks have agreed to make the requested credit facility available to the Borrower, and the Agents have accepted their duties hereunder, all on the terms and conditions hereinafter set forth;

NOW, THEREFORE, IN CONSIDERATION of the premises and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

SECTION 1

DEFINITIONS AND ACCOUNTING TERMS

1.01 Definitions. As used herein, the following terms shall have the meanings herein specified unless the context otherwise requires. Defined terms herein shall include in the singular number the plural and in the plural the singular:

"Additional Credit Party" means each Person that becomes a Guarantor after the Closing Date.

"Adjusted Eurodollar Rate" means for the Interest Period for each Eurodollar Loan comprising part of the same borrowing (including conversions, extensions and renewals), a per annum interest rate equal to the rate obtained by dividing (a) the rate of interest determined by the Administrative Agent to be the average (rounded upward to the nearest whole multiple of 1/16 of 1% per annum, if such average is not such a multiple) of the per annum rates at which deposits in U.S.

dollars are offered to the Administrative Agent in the interbank eurodollar market at 11:00 A.M. (Charlotte, North Carolina time) (or as soon thereafter as is practicable), in each case two Business Days before the first day of such Interest Period, in an amount substantially equal to such Eurodollar Loan comprising part of such borrowing (including conversions, extensions and renewals) and for a period equal to such Interest Period by (b) a percentage equal to 100% minus the Adjusted Eurodollar Rate Reserve Percentage for such

Interest Period. As used herein, "Adjusted Eurodollar Rate Reserve Percentage" for the Interest Period for each Eurodollar Loan comprising part of the same borrowing (including conversions, extensions and renewals), means the percentage applicable two Business Days before the first day of such Interest Period under regulations issued from time to time by the Board of Governors of the Federal Reserve System (or any successor) for determining the maximum reserve requirement (including, without limitation, any emergency, supplemental or other marginal reserve requirement) for a member bank of the Federal Reserve System in New York City with respect to liabilities consisting of or including "eurocurrency liabilities", as such term is defined in Regulation D (or with respect to any other category of liabilities which includes deposits by reference to which the interest rate on Eurodollar Loans is determined) having a term equal to the Interest Period for which such Adjusted Eurodollar Rate Reserve Percentage is determined.

"Adjusted Net Worth" means, with respect to any Guarantor as of any date of determination thereof, the excess of (i) the "fair valuation" of such Guarantor's property or the amount of the "present fair saleable value" of the assets of such Guarantor as of such date of determination, over (ii) the amount of all "debts" or "liabilities, contingent or otherwise", of such Guarantor as of such date of determination, as such quoted or similar terms are determined in accordance with applicable Federal and state laws governing determinations of the insolvency of debtors. In determining the Adjusted Net Worth of any Guarantor for purposes of calculating the Maximum Guaranteed Amount for such Guarantor in respect of any Extension of Credit, the liabilities of such Guarantor to be used in such determination pursuant to clause (ii) of the preceding sentence shall in any event include the liabilities of such Guarantor hereunder in respect of all Extensions of Credit other than the Extension of Credit in respect of which such calculation is being made.

"Administrative Agent" means the administrative agent for the Banks under this Credit Agreement as identified in the recital of parties hereinabove, and any successors and assigns in such capacity.

"Administrative Agent's Fee Letter" means the letter agreement dated as of February 15, 1994 between the Administrative Agent and the Borrower, as amended, modified, supplemented or replaced from time to time.

"Administrative Agent's Fees" means such term as defined in Section 2.11(c).

"Affiliate" means, with respect to any Person, any other Person directly or indirectly controlling (including but not limited to all directors and officers of such Person), controlled by or under direct or indirect common control with such Person. A Person shall be deemed to control a corporation if such Person possesses, directly or indirectly, the power (i) to vote 10% or more of the securities having ordinary voting power for the election of directors of such corporation or (ii) to direct or cause direction of the management and policies of such corporation, whether through the ownership of voting securities, by contract or otherwise.

"Agent" means the agent for the Banks under this Credit Agreement as identified in the recital of parties hereinabove, and any successors and assigns in such capacity.

"Agents" means, collectively, the Agent, the Co-Agents and the Administrative Agent.

"Applicable Federal Funds Rate" means, for any day, a per annum rate equal to the sum of (i) the rate at which Federal funds are offered to the Swingline Lender on an overnight basis as determined by such Swingline Lender, plus (ii) one-eighth of one percent (1/8%).

"Applicable Margin" means such term as defined in Section 2.05.

"Approving Bank" means such term as defined in Section 2.01.

"Bankruptcy Code" means the Bankruptcy Code in Title 11 of the United States Code, as amended, modified, succeeded or replaced from time to time.

"Base Rate" means, for any day, a rate per annum (rounded upwards, if necessary, to the nearest whole multiple of 1/16 of 1%) equal to the greater of (a) the Federal Funds Effective Rate in effect on such day plus 1/2 of 1% or (b) the Prime Rate in effect on such day. If for any reason the Administrative Agent shall have determined (which determination shall be conclusive absent manifest error) that it is unable to ascertain the Federal Funds Effective Rate for any reason, including the inability of the Administrative Agent to obtain sufficient quotations in accordance with the terms hereof, the Base Rate shall be determined without regard to clause (a) of the first sentence of this definition until the circumstances giving rise to such inability no longer exist. Any change in the Base Rate due to a change in the Prime Rate or the Federal Funds Effective Rate shall be effective on the effective date of such change in the Prime Rate or the Federal Funds Effective Rate, respectively.

"Base Rate Loan" means a Loan which bears interest based on the Base Rate.

"Borrower" means O&M Holding, Inc., a Virginia corporation (to be renamed Owens & Minor, Inc. after the Initial Funding Date).

"Borrowing Base" means, at any time, the sum of 85% of Eligible Receivables plus 50% of Eligible Inventory.

"Business Day" means any day other than a Saturday, a Sunday, a legal holiday or a day on which banking institutions are authorized by law or other governmental action to close in Richmond, Virginia, Charlotte, North Carolina or New York, New York; except that in the case of Eurodollar Loans, such day is also a day on which dealings between banks are carried on in U.S. dollar deposits in the London interbank market.

"Capital Expenditures" means all expenditures which in accordance with generally accepted accounting principles would be classified as capital expenditures, including without limitation Capitalized Leases.

"Capitalized Lease" means any lease the payments and obligations with respect to which would be required to be capitalized in accordance with generally accepted accounting principles.

"Cash Equivalents" means (i) securities issued or directly and fully guaranteed or insured by the United States of America or any agency or instrumentality thereof (provided that the full faith and credit of the United States of America is pledged in support thereof) having maturities of not more than twelve months from the date of acquisition, (ii) U.S. dollar denominated (or foreign currency fully hedged) time deposits, certificates of deposit, Eurodollar time deposits and Eurodollar certificates of deposit of (y) any domestic commercial bank of recognized standing having capital and surplus in excess of $250,000,000 or (z) any bank whose short-term commercial paper rating from S&P is at least A-1 or the equivalent thereof or from Moody's is at least P-1 or the equivalent thereof (any such bank being an "Approved Bank"), in each case with maturities of not more than 364 days from the date of acquisition, (iii) commercial paper and variable or fixed rate notes issued by any Approved Bank (or by the parent company thereof) or any variable rate notes issued by, or guaranteed by any domestic corporation rated A-1 (or the equivalent thereof) or better by S&P or P-1 (or the equivalent thereof) or better by Moody's and maturing within six months of the date of acquisition and (iv) repurchase agreements with a bank or trust company (including a Bank) or a recognized securities dealer having capital and surplus in excess of $500,000,000 for direct obligations issued by or fully

guaranteed by the United States of America in which the Borrower shall have a perfected first priority security interest (subject to no other liens or encumbrances) and having, on the date of purchase thereof, a fair market value of at least 100% of the amount of the repurchase obligations.

"Change of Control" means (i) any Person or two or more Persons acting in concert shall have acquired beneficial ownership, directly or indirectly, of Voting Stock of the Borrower (or other securities convertible into such Voting Stock) representing 35% or more of the combined voting power of all Voting Stock of the Borrower, (ii) during any period of up to 24 consecutive months, commencing after the Closing Date, individuals who at the beginning of such 24 month period were directors of the Borrower cease to constitute a majority of the board of directors of the Borrower and such event is a result (directly or indirectly) of the acquisition of 5% or more of the combined voting power of the Voting Stock by a Person or Persons who did not own at least 5% or more of the combined voting power of the Voting Stock as of the Closing Date (specifically excluding for purposes of this clause (ii) the effect of conversion of all or any portion of the convertible preferred stock held by the Hillman family on the Closing Date), or (iii) any Person or two or more Persons acting in concert shall have acquired by contract or otherwise, or shall have entered into a contract or arrangement that, upon consummation, will result in its or their acquisition of, control over Voting Stock of the Borrower (or other securities convertible into such securities) representing 35% or more of the combined voting power of all Voting Stock of the Borrower. As used herein, "beneficial ownership" shall have the meaning provided in Rule 13d-3 of the Securities and Exchange Commission under the Securities and Exchange Act of 1934.

"Closing Date" means the date on which the conditions set forth in Section 4.01 shall have been fulfilled.

"Co-Agent" means the co-agents for the Banks under this Credit Agreement as identified and defined in the recital of the parties hereinabove, and any successors and assigns in such capacity.

"Code" means the Internal Revenue Code of 1986, as amended from time to time.

"Commitment" means the commitments of the Banks to make Committed Revolving Loans, of the Swingline Lender to make Swingline Loans and of the Banks to purchase participation interests in the Swingline Loans.

"Commitment Fee" means such term as defined in Section 2.11(b).

"Committed Revolving Loan" means a contractual revolving credit loan made by the Banks pursuant to the provisions of Section 2.01.

"Committed Revolving Note" means the promissory notes of the Borrower in favor of each of the Banks evidencing the Committed Revolving Loans provided pursuant to Section 2.06, individually or collectively, as appropriate, as such promissory notes may be amended, modified, supplemented, extended, renewed or replaced from time to time.

"Competitive Bid" means an offer by a Bank to make a Competitive Loan pursuant to the terms of Section 2.08.

"Competitive Bid Rate" means, as to any Competitive Bid made by a Bank in accordance with the provisions of Section 2.08, the fixed rate of interest offered by the Bank making the Competitive Bid.

"Competitive Bid Request" means a request by the Borrower for Competitive Bids in accordance with the provisions of Section 2.08.

"Competitive Bid Request Fee" means the administrative fee payable to the Administrative Agent, if any, in connection with a Competitive Bid Request as provided in the Administrative Agent's Fee Letter.

"Competitive Loan" means a loan made by a Bank in its discretion pursuant to the provisions of Section 2.08.

"Competitive Loan Banks" means, at any time, those Banks which have Competitive Loans outstanding.

"Competitive Loan Maximum Amount" means such term as defined in Section 2.08.

"Competitive Loan Note" means the promissory notes of the Borrower in favor of the Banks evidencing the Competitive Loans, if any, provided pursuant to Section 2.08(h), individually or collectively, as appropriate, as such promissory notes may be amended, modified, supplemented, extended, renewed or replaced from time to time.

"Consistent Basis" or "consistent basis" means, with regard to the application of accounting principles, accounting principles consistent in all material respects with the accounting principles used and applied in preparation of the financial statements previously delivered to the Banks and referred to in Section 5.06.

"Consolidated Borrower Group" means the Borrower and its Restricted Subsidiaries.

"Consolidated Current Assets" means as of the date of determination thereof the total amount of current assets of the Borrower and its Restricted Subsidiaries on a consolidated basis determined in accordance with generally accepted accounting principles.

"Consolidated Current Liabilities" means as of the date of determination thereof the total amount of current liabilities of the Borrower and its Restricted Subsidiaries on a consolidated basis determined in accordance with generally accepted accounting principles.

"Consolidated Current Ratio" means, at any time, the ratio of Consolidated Current Assets to Consolidated Current Liabilities.

"Consolidated Fixed Charges" means, for the applicable period ending as of a Determination Date, the sum of (i) all Interest Expense on all Indebtedness during such period, (ii) all Rentals (other than Rentals on Capitalized Leases to the extent such Rentals are included in Interest Expense or as a current maturity of a Capitalized Lease under subsection (iii) hereof) payable during such period, (iii) current maturities of Funded Debt and current maturities of Capitalized Leases as of such Determination Date, and (iv) all dividends paid in cash or property and redemptions made of capital stock (other than dividends paid to, or redemptions of capital stock owned by, the Borrower or a wholly-owned Restricted Subsidiary) during such period, in each case for the Borrower and its Restricted Subsidiaries on a consolidated basis determined in accordance with generally accepted accounting principles.

"Consolidated Net Income" means, for the applicable period ending as of a Determination Date, the net income of the Borrower and its Restricted Subsidiaries for such period, determined on a consolidated basis in accordance with generally accepted accounting principles, but excluding for purposes of determining compliance with the Fixed Charge Coverage Ratio in Section 6.11(d) hereof:

(a) any extraordinary gains or losses on the sale or other disposition of assets, and any taxes on such excluded gains and any tax deductions or credits on account of any such excluded losses;

(b) restructuring costs associated with the acquisition of Stuart Medical, which shall include those costs associated with the restructuring of corporate administrative functions, including without limitation the closure of certain Owens & Minor, Inc. distribution facilities, employee relocation and termination, and writedown of certain software, in an amount not to exceed $24,000,000 in the aggregate;

(c) the proceeds of any life insurance policy;

(d) net earnings of any business entity (other than a Restricted Subsidiary) in which the Borrower or any Restricted Subsidiary has an ownership interest unless such net earnings shall have actually been received by the Borrower or such Restricted Subsidiary in the form of cash distributions; and

(e) any portion of the net earnings of any Restricted Subsidiary which for any reason is unavailable for payment of dividends to the Borrower or any other Restricted Subsidiary.

"Consolidated Net Income Available for Fixed Charges" means, for the applicable period ending as of a Determination Date, the sum of Consolidated Net Income

plus (to the extent deducted in determining Consolidated Net Income) (i) all provisions for any Federal, state or other income taxes, (ii) depreciation, amortization and other non-cash charges, including without limitation any accrual necessary for purposes of conforming with Financial Accounting Standards Board Statement Number 106 (as defined by generally accepted accounting principles) to the extent that the accrued portion thereof constitutes a non-cash charge, (iii) Interest Expense, and (iv) all Rentals (but without duplication for the interest component under the Capitalized Leases to the extent included in Interest Expense),

minus (v) all Capital Expenditures,

for the Borrower and its Restricted Subsidiaries on a consolidated basis determined in accordance with generally accepted accounting principles.

"Consolidated Net Worth" means total stockholders' equity for the Borrower and its Restricted Subsidiaries on a consolidated basis as determined in accordance with generally accepted accounting principles.

"Consolidated Tangible Net Worth" means total stockholders' equity minus goodwill, patents, trade names, trade marks, copyrights, franchises, organizational expense, deferred assets other than prepaid insurance and prepaid taxes and such other assets as are properly classified as "intangible assets", for the Borrower and its Restricted Subsidiaries on a consolidated basis as determined in accordance with generally accepted accounting principles.

"Consolidated Total Capitalization" means the sum of (i) Consolidated Total Debt plus (ii) Consolidated Net Worth.

"Consolidated Total Debt" means all Indebtedness of the Borrower and its Restricted Subsidiaries on a consolidated basis determined in accordance with generally accepted accounting principles.

"Controlled Group" means (i) the controlled group of corporations as defined in Section 414(b) of the Code and the applicable regulations thereunder, or (ii) the group of trades or businesses under common control as defined in Section 414(c) of the Code and the applicable regulations thereunder, of which the Borrower is a part or may become a part.

"Credit Documents" means this Credit Agreement, the Notes, any Joinder Agreement and all other related agreements and documents

issued or delivered hereunder or thereunder or pursuant hereto or thereto.

"Credit Party" means any of the Borrower and the Guarantors.

"Default" means any event, act or condition which with notice or lapse of time, or both, would constitute an Event of Default.

"Determination Date" means the last day of each quarterly fiscal period of the Borrower.

"Disapproving Bank" means such term as defined in Section 2.01.

"Eligible Assignee" means any Bank or Affiliate or subsidiary of a Bank; and any other commercial bank, financial institution or "accredited investor" (as defined in Regulation D of the Securities and Exchange Commission) with combined capital surplus in excess of $500,000,000 reasonably acceptable to the Administrative Agent and the Borrower.

"Eligible Inventory" means, as of any date of determination, the aggregate net book value of all inventory of the Credit Parties on a consolidated basis after deducting allowances or reserves relating thereto, as shown on the books and records of such Credit Parties.

"Eligible Receivables" means as of any date of determination, the aggregate net book value of all accounts, accounts receivable, receivables, and obligations for payment created or arising from the sale of inventory or the rendering of services in the ordinary course of business (hereinafter sometimes referred to collectively as "Receivables"), owned by or owing to the Credit Parties on a consolidated basis after deducting allowances or reserves relating thereto, as shown on the books and records of such Credit Parties.

"Equity Transaction" means such term as defined in Section 6.11(b).

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time, and the regulations promulgated and the rulings issued thereunder.

"ERISA Affiliate" means each person (as defined in Section 3(9) of ERISA) which together with the Borrower, any Subsidiary of the Borrower or member of the Consolidated Borrower Group would be deemed to be a member of the same "controlled group" within the meaning of Section 414(b), (c), (m) or (o) of the Code.

"Eurodollar Loan" means a Loan which bears interest based on the Adjusted Eurodollar Rate.

"Event of Default" has the meaning specified in Section 8.

"Extension of Credit" means any Loan advance.

"Fed Funds Swingline Loan" means a Loan which bears interest based on the Applicable Federal Funds Rate.

"Federal Funds Effective Rate" means, for any day, the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve Bank of New York, or, if such rate is not so released for any day which is a Business Day, the arithmetic average (rounded upwards to the next 1/100th of 1%), as determined by the Administrative Agent, of the quotations for the day of such transactions received by the Administrative Agent from three Federal

funds brokers of recognized standing selected by it.

"Fees" means all fees payable pursuant to Section 2.11.

"Fitch" means Fitch Investors Service, Inc., and any successor thereof.

"Fixed Charge Coverage Ratio" means the ratio of Consolidated Net Income Available for Fixed Charges to Consolidated Fixed Charges.

"Fixed Rate Loan" means a Competitive Loan bearing interest at a fixed percentage rate per annum as provided in accordance with the provisions of Section 2.08.

"Funded Debt" means, for any Person, (i) all Indebtedness of such Person for borrowed money or which has been incurred in connection with the acquisition of assets, in each case having a final maturity of one or more years from the date of origin thereof (or which is renewable or extendible at the option of the obligor for a period or periods more than one year from the date of origin), (ii) all Capitalized Lease obligations for such Person, and (iii) all Guaranty Obligations by such Person of Funded Debt of others. Funded Debt shall include, without duplication, payments in respect of Funded Debt which constitute current liabilities of the obligor under generally accepted accounting principles.

"Generally Accepted Accounting Principles" or "generally accepted accounting principles" means generally accepted accounting principles at the time in the United States. Except as otherwise expressly provided, all references to generally accepted accounting principles shall be applied on a consistent basis.

"Governmental Authority" means any Federal, state, local or foreign court or governmental agency, authority, instrumentality or regulatory body.

"Guarantor" means those corporations and entities identified as a "Guarantor" on the signature pages hereto, being Owens & Minor, Inc., a Virginia corporation which is expected to change its name after the Initial Funding Date to Owens & Minor Medical, Inc., National Medical

Supply Corporation, a Delaware corporation, Owens & Minor West, Inc., a California corporation, Koley's Medical Supply, Inc., a Nebraska corporation, Lyons Physician Supply Company, an Ohio corporation, A. Kuhlman & Company, a Michigan corporation, and Stuart Medical, Inc., a Pennsylvania corporation; and each Additional Credit Party which has executed a Joinder Agreement.

"Guaranty Obligations" means any obligations (other than endorsements in the ordinary course of business of negotiable instruments for deposit or collection) guaranteeing or intended to guarantee any Indebtedness, leases, dividends or other obligations of any other Person in any manner, whether direct or indirect, and including without limitation any obligation, whether or not contingent, (i) to purchase any such Indebtedness or other obligation or any property constituting security therefor, (ii) to advance or provide funds or other support for the payment or purchase of such indebtedness or obligation or to maintain working capital, solvency or other balance sheet condition of such other Person (including without limitation keep well agreements and capital maintenance agreements), (iii) to lease or purchase property, securities or services primarily for the purpose of assuring the owner of such Indebtedness or obligation, or (iv) to otherwise assure or hold harmless the owner of such Indebtedness or obligation against loss in respect thereof. The amount of Guaranty Obligations hereunder shall be deemed to be an amount equal to the stated or determinable amount of the Indebtedness or obligation in respect of which such Guaranty Obligation is made or, if not stated or determinable, the maximum reasonably anticipated amount in respect thereof (assuming such other Person is required to perform thereunder) as determined in good faith.

"Hygeia Notes" means such term as defined in Section 7.07.

"Indebtedness" means without duplication, (i) all indebtedness for borrowed money, (ii) the deferred purchase price of assets or services which in accordance with generally accepted accounting principles would be shown to be a liability (on the liability side of a balance sheet), (iii) all Guaranty Obligations, (iv) the maximum stated amount of all letters of credit issued or acceptance facilities established for the account of such Person and, without duplication, all drafts drawn thereunder (other than letters of credit (x) supporting other Indebtedness of the Borrower or a Subsidiary or (y) offset by a like amount of cash or government securities pledged or held in escrow to secure such letter of credit and draws thereunder), (v) all Capitalized Lease obligations, (vi) all Indebtedness of another Person secured by any Lien on any property of the Borrower or a Restricted Subsidiary, whether or not such Indebtedness has been assumed, in an amount not to exceed the fair market value of the property of the Borrower or Restricted Subsidiary securing such Indebtedness, (vii) all obligations under take-or-pay or similar arrangements or under interest rate, currency, or commodities agreements, and (viii) indebtedness created or arising under any conditional sale or title retention agreement; but specifically

excluding from the foregoing trade payables and accrued expenses arising or incurred in the ordinary course of business.

"Initial Funding Date" means the date on which the conditions to initial funding set forth in Section 4.02 hereof shall have been fulfilled (or waived) and on which the initial Loan advance shall have been made.

"Initial Interest Rate Period" means such term as defined in Section 2.05.

"Interest Determination Date" means such term as defined in Section 2.05.

"Interest Expense" means, for any period, all interest expense, including the amortization of debt discount and premium and the interest component under Capitalized Leases, determined in accordance with generally accepted accounting principles.

"Interest Payment Date" means (i) as to Prime Loans and Fed Funds Swingline Loans, the last day of each month, the date of repayment and on the Termination Date and (ii) as to Eurodollar Loans and Fixed Rate Loans, on the last day of each Interest Period for such Loan, the date of repayment and on the Termination Date, and in addition where the applicable Interest Period is more than 3 months, in the case of Eurodollar Loans, then also on the date 3 months from the beginning of the Interest Period, and each 3 months thereafter. If an Interest Payment Date falls on a date which is not a Business Day, such Interest Payment Date shall be deemed to be the next succeeding Business Day, except that in the case of Eurodollar Loans where the next succeeding Business Day falls in the next succeeding calendar month, then on the next preceding day.

"Interest Period" means (i) as to Eurodollar Loans generally, a period of one, two, three or six months' duration, and also as to Eurodollar Loans of up to $25,000,000, a period of 7-days' duration (provided that no more than one such Committed Revolving Loan with a 7-day Interest Period may be outstanding at any time), as the Borrower may elect, commencing in each case, on the date of the borrowing (including conversions, extensions and renewals) and (ii) as to Fixed Rate Loans, a period beginning on the date of advance and ending on the date specified in the respective Competitive Bid whereby the offer to make such Fixed Rate Loan was extended, which shall be not less than 7 days' nor more than 30 days' duration; provided, however, (A) if any Interest Period would end on a day which is not a Business Day, such Interest Period shall be extended to the next succeeding Business Day (except that in the case of Eurodollar Loans where the next succeeding Business Day falls in the next succeeding calendar month, then on the next preceding Business Day), (B) no Interest Period shall extend beyond the Termination Date and (C) in the case of Eurodollar

Loans, where an Interest Period begins on a day for which there is no numerically corresponding day in the calendar month in which the

Interest Period is to end, such Interest Period shall end on the last day of such calendar month.

"Joinder Agreement" means a Joinder Agreement substantially in the form of Schedule 6.12 hereto executed and delivered by an Additional Credit Party in accordance with the provisions of Section 6.12.

"Lien" means any mortgage, pledge, hypothecation, assignment, deposit arrangement, security interest, encumbrance, lien (statutory or otherwise) or charge of any kind (including any agreement to give any of the foregoing, any conditional sale or other title retention agreement, any financing or similar statement or notice filed under the Uniform Commercial Code as adopted and in effect in the relevant jurisdiction or other similar recording or notice statute, and any lease in the nature thereof) securing or purporting to secure any Indebtedness.

"Loan" means a Committed Revolving Loan, a Competitive Loan and/or Swingline Loan, as appropriate.

"Material Adverse Effect" means a material adverse effect on (i) the operations or financial condition of the Borrower and its Restricted Subsidiaries, or of the Borrower and its Subsidiaries, in each case taken as a whole, (ii) the ability of the Borrower or Guarantors to perform their respective obligations under this Credit Agreement, or (iii) the validity or enforceability of this Credit Agreement, or any of the other Credit Documents, in each case as to the obligations of the Borrower or the Guarantors hereunder or thereunder, or the rights and remedies of the Banks hereunder or thereunder.

"Maximum Guaranteed Amount" means, for any Guarantor as of the date of determination thereof, the sum of (i) with respect to each Extension of Credit (or portion thereof) the proceeds of which are used to make a Valuable Transfer to such Guarantor, the amount of such Extension of Credit (or such portion thereof) plus (ii) with respect to each Extension of Credit (or portion thereof) the proceeds of which are not used to make a Valuable Transfer to such Guarantor, the lesser of (a) the outstanding amount of such Extension of Credit (or such portion thereof) as of such date or (b) the greater of (1) ninety-five percent (95%) of the Adjusted Net Worth of such Guarantor at the time of such Extension of Credit or (2) ninety-five percent (95%) of the Adjusted Net Worth of such Guarantor at the earliest of (A) such date, (B) the date of commencement of a case under the Bankruptcy Code in which such Guarantor is a debtor or (C) the date enforcement of such Guarantor's obligations under Section 3 is sought.

"Moody's" means Moody's Investors Service, Inc., and any successor thereof.

"Multiemployer Plan" means at any time an employee pension benefit plan within the meaning of Section 4001(a)(3) of ERISA to which any member of the Controlled Group is then making or accruing an obligation to make contributions or has within the preceding five plan years made contributions, including for these purposes any Person which ceased to be a member of the Controlled Group during such five year period.

"NationsBank" means NationsBank of North Carolina, N.A. or its successor.

"Non-Guarantor Subsidiaries" means Subsidiaries of the Borrower which are not Guarantors, as referenced in Section 6.12.

"Note" or "Notes" means the Committed Revolving Notes, the

Competitive Loan Notes and/or the Swingline Note, individually or collectively, as appropriate.

"Notice of Borrowing" shall have such meaning as provided in Sections 2.02(a) and Section 2.07(b).

"Notice of Conversion" shall have such meaning as provided in Section 2.03.

"Obligations" means, without duplication, all of the obligations of the Borrower or other Credit Party to the Banks, the Administrative Agent and the Co-Agents (including the obligations to pay principal of and interest on the Loans, to pay and satisfy guaranty obligations in respect of the Loans, to pay all Fees, to pay certain expenses and the obligations arising in connection with various indemnities) whenever arising, under this Credit Agreement, the Notes or any of the other Credit Documents to which the Borrower or other Credit Party is a party.

"PBGC" means the Pension Benefit Guaranty Corporation established under ERISA, and any successor thereto.

"Participation Interest" means the extension of credit by a Bank by way of purchase of a participation hereunder in Committed Revolving Loans as provided in Section 2.20 or in Swingline Loans as provided in Section 2.07(b)(iii).

"Permitted Investments" means (i) cash and Cash Equivalents, (ii) receivables owing to the Borrower or its Restricted Subsidiaries or any of its receivables and advances to suppliers, in each case if created, acquired or made in the ordinary course of business and payable or dischargeable in accordance with customary trade terms, (iii) subject to the limitations set out in Section 7.05(b), investments by the Borrower and its Restricted Subsidiaries in and to a Credit Party, including any investment in a corporation which, after giving effect to such investment, will become an Additional Credit Party (provided such Additional Credit Party shall execute a Joinder

Agreement), (iv) loans and advances in the usual and ordinary course of business to officers, directors and employees for expenses (including moving expenses related to a transfer) incidental to carrying on the business of the Borrower or any Restricted Subsidiary in an aggregate amount not to exceed $1,500,000 at any time outstanding, (v) investments (including debt obligations) received in connection with the bankruptcy or reorganization of suppliers and customers and in settlement of delinquent obligations of, and other disputes with, customers and suppliers arising in the ordinary course of business, and (vi) additional loan advances and/or investments of a nature not contemplated by the foregoing clauses hereof, provided that such loans, advances and/or investments made pursuant to this clause (vi) shall not exceed $3,000,000 in aggregate amount at any time outstanding. As used herein, "investment" means all investments, in cash or by delivery of property made, directly or indirectly in any Person, whether by acquisition of shares of capital stock, indebtedness or other obligations or securities or by loan advance, capital contribution or otherwise.

"Permitted Liens" means (i) Liens created by, under or in connection with this Credit Agreement or the other Credit Documents in favor of the Banks; (ii) Liens described on Schedule 7.02 attached hereto; (iii) Liens for taxes not yet delinquent or Liens for taxes being contested in good faith by appropriate proceedings for which adequate reserves determined in accordance with generally accepted accounting principles have been established (and as to which the property subject to such lien is not yet subject to foreclosure, sale or loss on account thereof); (iv) Liens in respect of property imposed by law arising in the ordinary course of business such as materialmen's, mechanics', warehousemen's and other like Liens provided that such Liens secure only amounts not more than 30 days past due or are being contested in good faith by appropriate proceedings for which adequate reserves determined in accordance with generally accepted accounting principles have been established (and as to which the property subject to such lien is not yet subject to

foreclosure, sale or loss on account thereof); (v) pledges or deposits made to secure payment of worker's compensation insurance, unemployment insurance, pensions or social security programs; (vi) Liens arising from good faith deposits in connection with or to secure performance of tenders, statutory obligations, surety and appeal bonds, bids, leases, government contracts, performance and return-of-money bonds and other similar obligations incurred in the ordinary course of business (other than obligations in respect of the payment of borrowed money); (vii) easements, rights-of-way, restrictions (including zoning restrictions), minor defects or irregularities in title and other similar charges or encumbrances not, in any material respect, impairing the use of such property for its intended purposes or interfering with the ordinary conduct of business of the Borrower and its Subsidiaries taken as a whole; (viii) Liens regarding operating or financing leases permitted by this Credit Agreement; (ix) leases or subleases granted to others in the ordinary course of business not interfering in any material respect with the business or

operations of the Borrower or its Subsidiaries; (x) purchase money Liens securing purchase money indebtedness to the extent permitted under Section 7.01; (xi) Liens in favor of customs and revenue authorities arising as a matter of law to secure payment of customs duties in connection with the importation of goods; and (xii) any judgment lien which does not create an Event of Default under Section 8.01(h) of this Credit Agreement.

"Person" means any individual, partnership, joint venture, firm, corporation, limited liability company, association, trust or other enterprise (whether or not incorporated), or any government or political subdivision or any agency, department or instrumentality thereof.

"Plan" means any single-employer plan as defined in Section 4001 of ERISA, which is maintained, or at any time during the five calendar years preceding the date of this Credit Agreement was maintained, for employees of the Borrower, any Subsidiary or an ERISA Affiliate.

"Prime Rate" shall mean the rate of interest per annum publicly announced from time to time by NationsBank as its prime rate in effect at its principal office in Charlotte, North Carolina; each change in the Prime Rate shall be effective on the date such change is publicly announced as effective. The Prime Rate is not necessarily the best or lowest rate offered by NationsBank.

"Ratings Services" means such term as defined in Section 2.05.

"Regulation D" means Regulation D of the Board of Governors of the Federal Reserve System as from time to time in effect and any successor to all or a portion thereof establishing reserve requirements.

"Regulation G" means Regulation G of the Board of Governors of the Federal Reserve System as from time to time in effect and any successor to all or a portion thereof establishing margin requirements.

"Regulation U" means Regulation U of the Board of Governors of the Federal Reserve System as from time to time in effect and any successor to all or a portion thereof establishing margin requirements.

"Regulation X" means Regulation X of the Board of Governors of the Federal Reserve System as from time to time in effect and any successor to all or a portion thereof establishing margin requirements.

"Rentals" means, as of the date of determination thereof, all fixed payments (including as such all payments which the lessee is obligated to make to the lessor on termination of the lease or surrender of the leased property) payable by a Person, as lessee or

sublessee under a lease of real or personal property, but shall be exclusive of any amounts required to be paid by such Person (whether designated as rents or additional rents) on account of maintenance, repairs, insurance, taxes and similar charges. Fixed rents under any so-called "percentage leases" shall be computed solely on the basis of the minimum rents, if any, required to be paid by the lessee regardless of sales volume or gross revenues.

"Required Banks" means Banks holding in the aggregate at least 51% of the Commitments (other than with respect to Swingline Loans) or, if the aggregate Commitments have been terminated, Banks in the aggregate holding at least 51% of the principal amount of the Loans then outstanding (provided that in the case of Swingline Loans, where a Mandatory Borrowing cannot be made and the Banks shall have purchased a participation interest in the Swingline Loans in accordance with the provisons of Section 2.07(b)(iii), for purposes of determining the aggregate amount of Loans owing to each Bank hereunder, such Bank's funded participation interest in the Swingline Loans shall be considered as if it were a direct loan and not a participation interest, and the aggregate amount of Swingline Loans owing to the Swingline Lender shall be reduced by the amount of such funded participation interests).

"Responsible Officer" means, with respect to the subject matter of any representation, warranty, covenant, agreement, obligation or certificate of any Credit Party contained in or delivered pursuant to any of the Credit Documents, the President, any Executive Vice President, Senior Vice President, Vice President, Chief Financial Officer, Treasurer, Controller, or any other officer of the Consolidated Borrower Group who in the normal performance of his operational responsibilities would have knowledge of such matter and the requirements with respect thereto.

"Restricted Subsidiary" means any Subsidiary (i) which is organized under the laws of the United States or any State thereof; (ii) which conducts substantially all of its business and has substantially all of its assets within the United States; and (iii) of which more than 50% (by number of votes) of the Voting Stock is beneficially owned, directly or indirectly, by the Borrower.

"Revolving Committed Amount" means collectively the aggregate amount of all of the Banks' commitments, and individually the amount of each such Bank's commitment to make Committed Revolving Loans specified in Schedule 2.01, as such amounts may from time to time be reduced in accordance with the provisions of Sections 2.10 and 2.12(b) hereof.

"S&P" means Standard & Poor's Corporation, and any successor thereof.

"Stuart Medical" means Stuart Medical, Inc., a Pennsylvania corporation.

"Subordinated Debt" means such term as defined in Section 7.07.

"Subsidiary" means, as to any Person, (i) any corporation more than 50% of whose stock of any class or classes having by the terms thereof ordinary voting power to elect a majority of the directors of such corporation (irrespective of whether or not at the time, any class or classes of such corporation shall have or might have voting power by reason of the happening of any contingency) is at the time owned by such Person directly or indirectly through Subsidiaries, and (ii) any partnership, association, joint venture or other entity in which such person directly or indirectly through Subsidiaries has more than 50% equity interest at any time. Except as otherwise expressly provided, all references herein to "Subsidiary" shall mean a Subsidiary of the Borrower.

"Swingline Committed Amount" means the amount of the Swingline Lender's commitment to make Swingline Loans as specified in Section 2.07(a), as such amount may from time to time be reduced in accordance with the provisions of Section 2.10 hereof.

"Swingline Lender" means NationsBank, or such other Bank as the Borrower has requested and as to which such requested successor Swingline Lender and the Required Banks may agree, and their respective successors and assigns. There shall be no more than one Swingline Lender at any time.

"Swingline Loan" means a swingline revolving credit loan made by the Swingline Lender pursuant to the provisions of Section 2.07.

"Swingline Note" means the promissory note of the Borrower in favor of the Swingline Lender evidencing the Swingline Loans as provided pursuant to Section 2.07(d), as such promissory note may be amended, modified, supplemented, extended, renewed or replaced from time to time.

"Taxes" shall have such meaning as provided in Section 2.16.

"Termination Date" means such term as defined in Section 2.01, being initially April 29, 1999.

"Threshold Requirement" means such term as defined in Section 6.12.

"Upfront Fee" means such term as defined in Section 2.11(a).

"Valuable Transfer" means, in respect of any Guarantor, (i) all loans, advances or capital contributions made to or for the benefit of such Guarantor with proceeds of Extensions of Credit, (ii) all debt securities or other obligations of such Guarantor acquired from such Guarantor or retired by such Guarantor with proceeds of Extensions of Credit, (iii) the fair market value of all property acquired with proceeds of Extensions of Credit and transferred, absolutely and not as collateral, to such Guarantor and (iv) all equity securities of such Guarantor acquired from such Guarantor with proceeds from Extensions of Credit.

"Voting Stock" means the voting stock or other securities of any class or classes, the holders of which are ordinarily, in the absence of contingencies, entitled to elect a majority of the corporate directors (or Persons performing similar functions).

1.02 Computation of Time Periods. For purposes of computation of periods of time hereunder, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding."

1.03 Accounting Terms. Accounting terms used but not otherwise defined herein shall have the meanings provided by, and be construed in accordance with, generally accepted accounting principles. References herein to "consolidating" financial statements shall mean and include financial statements for each business segment of the subject Person.

SECTION 2

CREDIT FACILITIES

2.01 Revolving Loan Commitment. Subject to and upon the terms and conditions and relying upon the representations and warranties herein set forth, each Bank severally agrees, from time to time from the Initial Funding Date until April 29, 1999 (such date, as extended, if extended, in the sole discretion of the Banks as hereinafter provided, is hereinafter referred to as the "Termination Date") to make revolving credit loans (each a "Committed Revolving Loan" and, collectively, the "Committed Revolving Loans") to the Borrower for the purposes hereinafter set forth; provided, however, that (i) with regard to the Banks collectively, the amount of Committed Revolving Loans outstanding shall not at any time exceed THREE HUNDRED FIFTY MILLION DOLLARS ($350,000,000) in the aggregate (as such aggregate maximum amount may be reduced from time to time as hereinafter provided, the "Revolving Committed Amount"), and (ii) with regard to each

Bank individually, each such Bank's pro rata share of outstanding Committed Revolving Loans shall not at any time exceed such Bank's Revolving Committed Amount; and provided, further, that notwithstanding anything herein to the contrary, the sum of Committed Revolving Loans plus Swingline Loans plus Competitive Loans shall not at any time exceed the lesser of the aggregate Revolving Committed Amount or the Borrowing Base. Committed Revolving Loans hereunder may consist of Base Rate Loans or Eurodollar Loans (or a combination thereof) as the Borrower may request, and may be repaid and reborrowed in accordance with the provisions hereof. The Borrower may, not more than 90 days but not less than 60 days prior to the third anniversary date of the Closing Date and each anniversary date thereafter, by notice to the Administrative Agent, make written request of the Banks to extend the Termination Date for an additional period of one year. The Administrative Agent will give prompt notice to each of the Banks of its receipt of any such request for extension of the Termination Date. Each Bank shall make a determination not later than 30 days prior to the then applicable anniversary date as to whether or not it will agree to extend the Termination Date as requested; provided, however, that failure by any Bank to make a timely response to the Borrower's request for extension of the Termination Date shall be deemed to constitute a refusal

by the Bank to extend the Termination Date. If, in response to a request for an extension of the Termination Date, one or more Banks shall fail to agree to the requested extension (the "Disapproving Banks"), then provided that the requested extension is approved by Banks holding at least 75% of the Commitments hereunder (the "Approving Banks"), the Borrower may, at its own expense with the assistance of the Administrative Agent, within a period of 30 days thereafter, make arrangements for another bank or financial institution agreeable to the extension of such Termination Date and reasonably acceptable to the Administrative Agent, to acquire, in whole or in part, the Loans and Commitments of the Disapproving Banks, whereupon after giving effect to the assignment of the Disapproving Banks' Loans and Commitments in accordance with the terms hereof the Termination Date shall be extended and the credit facility continued hereunder at existing levels. If on the other hand the Borrower is unable to make arrangements for the replacement of the Disapproving Banks in accordance with the terms hereof, then the Borrower shall have the option of (i) continuing the credit facility hereunder at existing levels until the Termination Date then in effect without extension, or (ii) upon payment to the Disapproving Banks of the amount of Loans and other amounts owing to them and termination of their Commitments hereunder, extending and continuing the credit facility hereunder at a lower aggregate amount equal to the Commitments held by the Approving Banks until the new Termination Date as extended. Where any such arrangements are made for another bank or financial institution to acquire the Loans and Commitments of a Disapproving Bank, or any portion thereof, then upon payment of the Loans and other amounts owing to it and termination of its Commitments relating thereto, such Disapproving Bank shall promptly transfer and assign, in whole or in part, as requested, without recourse (in accordance with and subject to the provisions of Section 10.03), all or part of its interests, rights and obligations under this Credit Agreement to such bank or financial institution which shall assume such assigned obligations and become a "Bank" under this Credit Agreement (which assignee may be another Bank, if a Bank accepts such assignment); provided, that such assignment shall not conflict with any law, rule or regulation or order of any court or other Governmental Authority.

2.02 Committed Revolving Loan Advances.

(a) Notices. Whenever the Borrower desires a Committed Revolving Loan advance hereunder, it shall give written notice (or telephone notice promptly confirmed in writing) to the Administrative Agent (a "Notice of Borrowing") not later than 10:00 A.M. (Charlotte, North Carolina time) on the Business Day of the requested advance in the case of Base Rate Loans and on the third Business Day prior to the requested advance in the case of Eurodollar Loans. Each such notice shall be irrevocable and shall specify (i) that a Committed Revolving Loan is requested, (ii) the date of the requested advance (which shall be a Business Day), (iii) the aggregate principal amount of Committed Revolving Loans requested, and (iv) whether the Loan requested shall consist of Base Rate Loans, Eurodollar Loans or a combination

thereof, and if Eurodollar Loans are requested, the Interest Periods with respect thereto. If the Borrower shall fail to specify in any Notice of Borrowing (A) an applicable Interest

Period in the case of a Eurodollar Loan, then such notice shall be deemed to be a request for an Interest Period of one month, or (B) the type of Committed Revolving Loan requested, then such notice shall be deemed to be a request for a Base Rate Loan hereunder. The Administrative Agent shall as promptly as practicable give each Bank notice of each requested Committed Revolving Loan advance, of such Bank's pro rata share thereof and of the other matters covered in the Notice of Borrowing.

(b) Minimum Amounts. Committed Revolving Loan advances shall be in a minimum aggregate amount of $5,000,000 and integral multiples of $1,000,000 in excess thereof.

(c) Advances. Each Bank will make its pro rata share of each Committed Revolving Loan advance available to the Administrative Agent by 2:00 P.M. (Charlotte, North Carolina time) on the date specified in the Notice of Borrowing by deposit in U.S. dollars of immediately available funds at the offices of the Administrative Agent in Charlotte, North Carolina, or at such other address in the United States as the Administrative Agent may designate in writing. All Committed Revolving Loan advances shall be made by the Banks pro rata on the basis of each Bank's respective share of the aggregate Revolving Committed Amount. No Bank shall be responsible for the failure or delay by any other Bank in its obligation to make Committed Revolving Loan advances hereunder; provided, however, that the failure of any Bank to fulfill its commitments hereunder shall not relieve any other Bank of its commitments hereunder. Unless the Administrative Agent shall have been notified by any Bank prior to the date of any such Committed Revolving Loan advance that such Bank does not intend to make available to the Administrative Agent its portion of the Committed Revolving Loan advance to be made on such date, the Administrative Agent may assume that such Bank has made such amount available to the Administrative Agent on the date of such Committed Revolving Loan advance, and the Administrative Agent, in reliance upon such assumption, may (in its sole discretion without any obligation to do so) make available to the Borrower a corresponding amount. If such corresponding amount is not in fact made available to the Administrative Agent by a Bank, the Administrative Agent shall be entitled to recover such corresponding amount from such Bank. If such Bank does not pay such corresponding amount forthwith upon the Administrative Agent's demand therefor, the Administrative Agent will promptly notify the Borrower and the Borrower shall immediately pay such corresponding amount to the Administrative Agent. The Administrative Agent shall also be entitled to recover from such Bank or the Borrower, as the case may be, interest on such corresponding amount in respect of each day from the date such corresponding amount was made available by the Administrative Agent to the Borrower to the date such corresponding amount is recovered by the Administrative Agent, at a per annum rate equal to (i) if paid by such Bank, within two (2) Business Days of making such corresponding amount available to the Borrower, the overnight Federal Funds Effective Rate, and thereafter the Base

Rate, and (ii) if paid by the Borrower, the then applicable rate calculated in accordance with Section 2.05.

2.03 Conversion. The Borrower shall have the option, on any Business Day, to extend existing Committed Revolving Loans into a subsequent Interest Period or to convert Committed Revolving Loans into Committed Revolving Loans of another type; provided, however, that (i) except as provided in Section 2.13(iii), Eurodollar Loans may be converted into Committed Revolving Loans of another type only on the last day of an Interest Period applicable thereto, (ii) Eurodollar Loans may be extended,

and Committed Revolving Loans may be converted into Eurodollar Loans, only if no Default or Event of Default is in existence on the date of extension or conversion, (iii) Committed Revolving Loans extended as, or converted into, Eurodollar Loans shall be in such minimum amounts as provided in Section 2.02(b), and (iv) any request for extension or conversion of a Eurodollar Loan which shall fail to specify an Interest Period shall be deemed to be a request for an Interest Period of one month. Each such extension or conversion shall be effected by the Borrower by giving written notice (or telephone notice promptly confirmed in writing) to the Administrative Agent (including requests for extensions and renewals, a "Notice of Conversion") prior to 10:00 A.M. (Charlotte, North Carolina time) on the Business Day of, in the case of Base Rate Loans, and on the third Business Day prior to, in the case of Eurodollar Loans, the date of the proposed extension or conversion, specifying the date of the proposed extension or conversion, the Committed Revolving Loans to be so extended or converted, the types of Committed Revolving Loans into which such Committed Revolving Loans are to be converted and, if appropriate, the applicable Interest Periods with respect thereto. Each request for extension or conversion shall be deemed to be a reaffirmation by the Borrower that no Default or Event of Default then exists and is continuing and that the representations and warranties set forth in Section 5 are true and correct in all material respects (except to the extent they relate to an earlier period). In the event the Borrower fails to request extension or conversion of any Eurodollar Loan in accordance with this Section, or any such conversion or extension is not permitted or required by this Section, then such Committed Revolving Loans shall be automatically converted into Base Rate Loans at the end of their Interest Period. The Administrative Agent shall give each Bank notice as promptly as practicable of any such proposed conversion affecting any Committed Revolving Loans.

2.04 Repayment of the Committed Revolving Loans. The Committed Revolving Loans shall be due and payable in full on the Termination Date.

2.05 Interest on Committed Revolving Loans. The Committed Revolving Loans shall bear interest at a per annum rate equal to:

(a) Base Rate Loans. During such periods as Committed Revolving Loans shall consist of Base Rate Loans, the sum of the Base Rate plus the Applicable Margin; and

(b) Eurodollar Loans. During such periods as Committed Revolving Loans shall consist of Eurodollar Loans, the sum of the Adjusted Eurodollar Rate plus the Applicable Margin;

provided, however, that from and after any failure to make any payment of principal or interest in respect of any of the Loans hereunder when due, whether at scheduled or accelerated maturity or on account of any mandatory prepayment, the principal of and, to the extent permitted by law, interest on, the Committed Revolving Loans shall bear interest, payable on demand, at a per annum rate two percent (2%) in excess of the rate otherwise applicable hereunder. Interest on Committed Revolving Loans shall be payable in arrears on each Interest Payment Date. As used herein "Applicable Margin" means from the Closing Date until the Interest Determination Date occurring after September 30, 1994 (the "Initial Interest Rate Period"), seven-eighths percent (.875%) in the case of Eurodollar Loans and Fed Funds Swingline Loans and zero percent (0%) in the case of Base Rate Loans, and on Interest Determination Dates occurring after the Initial Interest Rate Period:

		Applicable Margin	
Ratings	Consolidated Total Debt to Consolidated Total Capitalization Ratio	Eurodollar Loan and Fed Funds Swingline Loan	Base Rate Loan
BB/Ba2	>=55%	1.250%	.25%
BB+/Ba1	<55% but >=50%	.875%	0%
BBB-/Baa3	<50% but >=45%	.750%	0%
BBB/Baa2	<45% but >=40%	.625%	0%
BBB+/Baa1	<40%	.500%	0%

The appropriate Applicable Margin shall be determined based on the

Borrower's unsecured senior long term debt rating as determined by Moody's, S&P and Fitch (collectively, the "Ratings Services"). If two or more of the Ratings Services have rated the Borrower's unsecured senior long term debt, the Applicable Margin shall be determined by taking the lower of the two such highest ratings. If only one or none of the Ratings Services have rated the Borrower's unsecured senior long term debt, the appropriate Applicable Margin shall be determined based on the Borrower's Consolidated Total Debt to Consolidated Total Capitalization Ratio. Where the Applicable Margin is determined based on the Consolidated Total Debt to Consolidated Total Capitalization Ratio, the appropriate Applicable Margin shall be determined and adjusted quarterly 45 days after the end of each of the Borrower's fiscal quarters (an "Interest Determination Date") upon receipt of, and based on, the company-prepared quarterly financial statements delivered in accordance with provisions of Section 6.01(b), such Applicable Margin to be effective from such Interest Determination Date until the next such quarterly Interest Determination Date.

2.06 Committed Revolving Notes. Committed Revolving Loans by each Bank shall be evidenced by a duly executed promissory note of the Borrower to each such Bank dated as of the Closing Date in an original principal amount equal to such Bank's Revolving Committed Amount and substantially in the form of Schedule 2.06 (such promissory note, as amended, modified, extended, renewed or replaced from time to time is hereinafter referred to individually as a "Committed Revolving Note" and collectively as the "Committed Revolving Notes").

2.07 Swingline Loan Subfacility.

(a) Swingline Commitment. Subject to and upon the terms and conditions and relying upon the representations and warranties herein set forth, the Swingline Lender, in its individual capacity, agrees to make certain revolving credit loans to the Borrower (each a "Swingline Loan" and, collectively, the "Swingline Loans") from time to time from the Initial Funding Date until the Termination Date for the purposes hereinafter set forth; provided, however, (i) the aggregate amount of Swingline Loans outstanding at any time shall not exceed TWENTY-FIVE MILLION DOLLARS ($25,000,000) (the "Swingline Committed Amount"), and (ii) the sum of Committed Revolving Loans plus Swingline Loans plus Competitive Loans outstanding at any time shall not exceed the lesser of the Revolving Committed Amount or the Borrowing Base. Swingline Loans hereunder may consist of Base Rate Loans or Fed Funds Swingline Loans (or a combination thereof) as the Borrower may request, and may be repaid and reborrowed in accordance with the provisions hereof.

(b) Swingline Loan Advances.

(i) Notices; Disbursement. Whenever the Borrower desires a Swingline Loan advance hereunder it shall give written notice (or telephone notice promptly confirmed in writing) to the Swingline Lender and to the Administrative Agent (not later than 11:00 a.m. (Charlotte, North Carolina time) on the Business Day of the requested Swingline Loan advance. Each such notice shall be irrevocable and shall specify (A) that a Swingline Loan advance is requested, (B) the date of the requested Swingline Loan advance (which shall be a Business Day), (C) the aggregate principal amount of the Swingline Loan advance requested and (D) whether the Swingline Loan shall consist of Base Rate Loans, Fed Funds Swingline Loans or a combination thereof. The Swingline Lender shall initiate the transfer of funds representing the Swingline Loan advance to the Borrower by 1:30 p.m. (Charlotte, North Carolina time) on the Business Day specified by the Borrower in the applicable Notice of Borrowing.

(ii) Minimum Amounts. Each Swingline Loan advance shall be in a minimum principal amount of $250,000 and integral multiples of $100,000 in excess thereof.

(iii) Repayment of Swingline Loans. Each Swingline Loan advance shall be due and payable on the earliest of (A) 30 days from the date of advance thereof, (B) the date of the next Committed Revolving Loan advance or Competitive Loan advance hereunder, if sooner, or (C) the Termination Date. If, and to

the extent, any Swingline Loan advances shall be outstanding on the date of any Committed Revolving Loan advance or any Competitive Loan advance, such Swingline Loans shall first be repaid from the proceeds of such Committed Revolving Loan advance or Competitive Loan advance prior to distribution to the Borrower. If, and to the extent, Committed Revolving Loans or Competitive Loans are not requested prior to the Termination Date or the end of any such 30 day period from the date of any such Swingline Loan advance, the Borrower shall be deemed to have requested a Committed Revolving Loan comprised solely of Base

Rate Loans in the amount of such Swingline Loan advance then outstanding, the proceeds of which shall be used to repay the Swingline Lender for such Swingline Loan. In addition, the Swingline Lender may, at any time, in its sole discretion, by written notice to the Borrower and the Administrative Agent, demand repayment of its Swingline Loans by way of a Committed Revolving Loan advance, in which case the Borrower shall be deemed to have requested a Committed Revolving Loan advance comprised solely of Base Rate Loans in the amount of such Swingline Loans; provided, however, that any such demand shall be deemed to have been given one Business Day prior to the Termination Date and upon the occurrence of any Event of Default described in Section 8.01(f) and also upon acceleration of the Obligations hereunder, whether on account of an Event of Default described in Section 8.01(f) or any other Event of Default, and the exercise of remedies in accordance with the provisions of Section 8.02 hereof (each such Committed Revolving Loan advance made on account of any such deemed request therefor as provided herein being hereinafter referred to as a "Mandatory Borrowing"). Each Bank hereby irrevocably agrees to make such Committed Revolving Loans promptly upon any such request or deemed request on account of each Mandatory Borrowing in the amount and in the manner specified in the preceding sentence and on the same such date notwithstanding (I) the amount of Mandatory Borrowing may not comply with the minimum amount for advances of Committed Revolving Loans otherwise required hereunder, (II) whether any conditions specified in Section 2.09 are then satisfied, (III) whether a Default or an Event of Default then exists, (IV) failure for any such request or deemed request for Committed Revolving Loan to be made by the time otherwise required in Section 2.02(a), (V) the date of such Mandatory Borrowing, or (VI) any reduction in the Revolving Committed Amount or termination of the Commitments relating thereto immediately prior to such Mandatory Borrowing or contemporaneous therewith. In the event that any Mandatory Borrowing cannot for any reason be made on the date otherwise required above (including, without limitation, as a result of the commencement of a proceeding under the Bankruptcy Code with respect to the Borrower or any other Credit Party), then each Bank hereby agrees that it shall forthwith purchase (as of the date the Mandatory Borrowing would otherwise have occurred, but adjusted for any payments received from the Borrower on or after such date and prior to such purchase) from the Swingline Lender such participations in the outstanding Swingline Loans as shall be necessary to cause each such Bank to share in such Swingline Loans ratably based upon its respective Revolving Loan Commitment (determined before giving effect to any termination of the Commitments pursuant to Section 8.02), provided that (A) all interest payable on the Swingline Loans shall be for the account of the Swingline Lender until the date as of which the respective participation is purchased, and (B) at the time any purchase of participations pursuant to this sentence is actually made, the purchasing Bank shall be required to pay to the Swingline Lender interest on the principal amount of participation purchased for each day from and including the

day upon which the Mandatory Borrowing would otherwise have occurred to but excluding the date of payment for such participation, at the rate equal to, if paid within two (2)

Business Days of the date of the Mandatory Borrowing, the Federal Funds Effective Rate, and thereafter at a rate equal to the Base Rate.

(c) Interest on Swingline Loans. Swingline Loans shall bear interest at a per annum rate equal to:

(i) Base Rate Loans. During such periods as a Swingline Loan shall consist of Base Rate Loans, the sum of the Base Rate plus the Applicable Margin; and

(ii) Fed Funds Swingline Loans. During such period as a Swingline Loan shall consist of Fed Funds Swingline Loans, the sum of the Applicable Federal Funds Rate plus the Applicable Margin;

provided, however, that from and after any failure to make any payment of principal or interest in respect of any of the Loans hereunder when due, whether at scheduled or accelerated maturity or on account of any mandatory prepayment, the principal of and, to the extent permitted by law, interest on, Swingline Loans shall bear interest, payable on demand, at a per annum rate two percent (2%) in excess of the rate otherwise applicable hereunder. Interest on Swingline Loans shall be payable in arrears on each Interest Payment Date.

(d) Swingline Note. The Swingline Loans shall be evidenced by a duly executed promissory note of the Borrower to the Swingline Lender dated as of the Closing Date in the original amount of the Swingline Committed Amount and substantially in the form of Schedule 2.07(d) (as amended, modified, supplemented, extended, renewed or replaced from time to time, the "Swingline Note").

2.08 Competitive Loan Subfacility.

(a) Competitive Loans. Subject to the terms and conditions and relying upon the representations and warranties herein set forth, from such time as the Borrower shall have attained, and for so long as the Borrower shall maintain, a ratio of Consolidated Total Debt to Consolidated Total Capitalization of less than .45:1.0 for two consecutive fiscal quarters, the Borrower may, from time to time from the Initial Funding Date (for so long as the Borrower shall maintain such ratio of Consolidated Total Debt to Consolidated Total Capitalization required hereby) until the earlier of the Termination Date or the termination of the Commitments hereunder, request and each Bank may, in its sole discretion, agree to make Competitive Loans to the Borrower; provided, however, (i) the aggregate amount of Competitive Loans shall not at any time exceed the lesser of THREE HUNDRED FIFTY MILLION DOLLARS ($350,000,000) or the Revolving Committed Amount (the "Competitive Loan Maximum Amount"), and (ii) the sum of Committed Revolving Loans plus

Swingline Loans plus Competitive Loans shall not at any time exceed the lesser of the aggregate Revolving Committed Amount or the Borrowing Base. Each Competitive Loan shall be comprised entirely of Fixed Rate Loans. Each Competitive Loan shall be not less than $5,000,000 in the aggregate and integral multiples of $1,000,000 in excess thereof (or the remaining portion of the Competitive Loan Maximum Amount, if less).

(b) Competitive Bid Requests. The Borrower may solicit Competitive Bids by delivery of a Competitive Bid Request substantially in the form of Schedule 2.08(b) to the Administrative Agent by 12:00 noon (Charlotte, North Carolina time) on a Business Day not less than three (3) nor more than ten (10) Business Days prior to the date of a requested Competitive Loan advance. A Competitive Bid Request shall specify (i) the date of the requested Competitive Loan advance (which shall be a Business Day), (ii) the amount of the requested Competitive Loan advance and (iii) the applicable Interest Periods requested and shall be accompanied by payment of the Competitive Bid Request Fee, if any. The Administrative Agent shall notify the Banks of

its receipt of a Competitive Bid Request and the contents thereof and invite the Banks to submit Competitive Bids in response thereto. A form of such notice is provided in Schedule 2.08(b)-2. No more than three Competitive Bid Requests (e.g., the Borrower may request Competitive Bids for no more than three different Interest Periods at a time) shall be submitted at any one time and Competitive Bid Requests may be made no more frequently than once every ten (10) Business Days.

(c) Competitive Bid Procedure. Each Bank may, in its sole discretion, make one or more Competitive Bids to the Borrower in response to a Competitive Bid Request. Each Competitive Bid must be received by the Administrative Agent not later than 10:00 a.m. (Charlotte, North Carolina time) on the proposed date of a Competitive Loan advance; provided, however, that should the Administrative Agent, in its capacity as a Bank, desire to submit a Competitive Bid it shall notify the Borrower of its Competitive Bid and the terms thereof not later than 9:30 A.M. (Charlotte, North Carolina time) on the proposed date of a Competitive Loan advance. A Bank may offer to make all or part of the requested Competitive Loan advance and may submit multiple Competitive Bids in response to a Competitive Bid Request. The Competitive Bid shall specify (i) the particular Competitive Bid Request as to which the Competitive Bid is submitted, (ii) the minimum (which shall be not less than $1,000,000 and integral multiples of $500,000 in excess thereof) and maximum principal amounts of the requested Competitive Loan or Loans as to which the Bank is willing to make, and (iii) the applicable interest rate or rates and Interest Period or Periods therefor. A form of such Competitive Bid is provided in Schedule 2.08(c). A Competitive Bid submitted by a Bank in accordance with the provisions hereof shall be irrevocable. The Administrative Agent shall promptly notify the Borrower of all Competitive Bids made and the terms thereof. The Administrative Agent shall send a copy of each of

the Competitive Bids to the Borrower for its records as soon as practicable.

(d) Acceptance of Competitive Bids. The Borrower may, in its sole and absolute discretion, subject only to the provisions of this subsection (d), accept or refuse any Competitive Bid offered to it. To accept a Competitive Bid, the Borrower shall give written notification (or telephone notice promptly confirmed in writing) of its acceptance of any or all such Competitive Bids to the Administrative Agent by 11:00 A.M. (Charlotte, North Carolina time) on the proposed date of a Competitive Loan advance; provided, however, (i) the failure by the Borrower to give timely notice of its acceptance of a Competitive Bid shall be deemed to be a refusal thereof, (ii) the Borrower may accept Competitive Bids only in ascending order of rates, (iii) the aggregate amount of Competitive Bids accepted by the Borrower shall not exceed the principal amount specified in the Competitive Bid Request, (iv) the Borrower may accept a portion of a Competitive Bid in the event, and to the extent, acceptance of the entire amount thereof would cause the Borrower to exceed the principal amount specified in the Competitive Bid Request, subject however to the minimum amounts provided herein (and provided that where two or more such Banks may submit such a Competitive Bid at the same such Competitive Bid Rate, then pro rata between or among such Banks) and (v) no bid shall be accepted for a Competitive Loan unless such Competitive Loan is in a minimum principal amount of $1,000,000 and integral multiples of $500,000 in excess thereof, except that where a portion of a Competitive Bid is accepted in accordance with the provisions of subsection (iv) hereof, then in a minimum principal amount of $100,000 and integral multiples thereof (but not in any event less than the minimum amount specified in the Competitive Bid), and in calculating the pro rata allocation of acceptances of portions of multiple bids at a particular Competitive Bid Rate pursuant to subsection (iv) hereof, the amounts shall be rounded to integral multiples of $100,000 in a manner which shall be in the discretion of the Borrower. A notice of acceptance of a

Competitive Bid given by the Borrower in accordance with the provisions hereof shall be irrevocable. The Administrative Agent shall, not later than 12:00 noon (Charlotte, North Carolina time) on the proposed date of a Competitive Loan advance, notify each bidding Bank whether or not its Competitive Bid has been accepted (and if so, in what amount and at what Competitive Bid Rate), and each successful bidder will thereupon become bound, subject to the other applicable conditions hereof, to make the Competitive Loan in respect of which its bid has been accepted.

(e) Funding of Competitive Loans. Each Bank which is to make a Competitive Loan shall make its Competitive Loan advance available to the Administrative Agent by 1:30 P.M. (Charlotte, North Carolina time) on the date specified in the Competitive Bid Request by deposit in U.S. dollars of immediately available funds at the office of the Administrative Agent in Charlotte, North Carolina, or at such other address as the Administrative Agent

may designate in writing, as provided in Section 2.02(c). The Administrative Agent will, upon receipt thereof by such time, initiate the transfer of funds representing such Competitive Loans to the Borrower by 2:30 p.m. (Charlotte, North Carolina time) on the same such date specified in the Competitive Bid Request.

(f) Maturity of Competitive Loans. Each Competitive Loan shall mature and be due and payable in full on the last day of the Interest Period applicable thereto. Unless the Borrower shall give notice to the Administrative Agent otherwise, the Borrower shall be deemed to have requested a Committed Revolving Loan advance in the amount of the maturing Competitive Loan, the proceeds of which will be used to repay such Competitive Loan.

(g) Interest on Competitive Loans. The Competitive Loans shall bear interest in each case at the Competitive Bid Rate applicable thereto; provided, however, that from and after any failure to make any payment of principal or interest in respect of the Loans hereunder when due, whether at scheduled or accelerated maturity or on account of any mandatory prepayment, the principal of and, to the extent permitted by law, interest on, each Competitive Loan shall bear interest, payable on demand, at a per annum rate two percent (2%) in excess of the Base Rate.

(h) Competitive Loan Notes. The Competitive Loans shall be evidenced by a duly executed promissory note of the Borrower to each Bank dated as of the Closing Date in an original principal amount equal to the Competitive Loan Maximum Amount and substantially in the form of Schedule 2.08(h) (such promissory note, as amended, modified, extended, renewed or replaced from time to time is hereinafter referred to individually as a "Competitive Loan Note" and collectively as the Competitive Loan Notes").

2.09 Conditions of Lending.

(a) Conditions. The obligation to make any Extension of Credit hereunder is subject to satisfaction of the following conditions:

(i) receipt of a Notice of Borrowing pursuant to Section 2.02(a) or 2.07(b)(i) or Competitive Bid Request pursuant to Section 2.08;

(ii) the representations and warranties set forth in Section 5 hereof shall be true and correct in all material respects as of such date (except for those which expressly relate to an earlier date);

(iii) immediately after giving effect to the requested Extension of Credit, (A) with regard to each Bank individually, the Bank's pro rata share of the outstanding Committed Revolving Loans and Swingline Loans shall not

exceed such Bank's Revolving Committed Amount, and (B) with regard to the Banks collectively, (I) the sum of Committed Revolving Loans plus Swingline Loans plus Competitive Loans then outstanding shall not exceed the lesser of the aggregate Revolving Committed Amount or the Borrowing Base, (II) the aggregate amount of Swingline Loans shall not exceed the Swingline Committed Amount, and (III) the aggregate amount of Competitive Loans shall not exceed the Competitive Loan Maximum Amount; and

(iv) no Default or Event of Default shall exist and be continuing either prior to or after giving effect thereto.

(b) Reaffirmation. Each request for a Committed Revolving Loan advance or Swingline Loan advance pursuant to a Notice of Borrowing or a Notice of Conversion and for Competitive Bid pursuant to a Competitive Bid Request shall be deemed to be representation and warranty by the Borrower of the correctness of the matters specified in this subsections (a)(ii), (iii) and (iv) hereof.

2.10 Termination of Commitments. The Borrower may from time to time permanently terminate the Revolving Committed Amount and/or the Swingline Committed Amount in whole or in part (in minimum aggregate amounts of $5,000,000 and integral multiples of $1,000,000 in excess thereof) upon 3 Business Days' prior written notice to the Administrative Agent and, in the case of a reduction in the Swingline Commitment, also to the Swingline Lender.

2.11 Fees.

(a) Upfront Fee. The Borrower agrees to pay in immediately available funds to the Administrative Agent for the benefit of the Banks on or before the Closing Date an upfront fee (the "Upfront Fee") in the amounts provided in the Administrative Agent's Fee Letter between the Borrower and the Administrative Agent.

(b) Commitment Fees. In consideration for the Commitments by the Banks hereunder, the Borrower agrees to pay to the Administrative Agent quarterly in arrears on the 15th day following the last day of each of the Borrower's fiscal quarters for the ratable benefit of the Banks a commitment fee (the "Commitment Fee") of (i) from the Closing Date until the Initial Funding Date, one-eighth of one percent (1/8%) per annum, and (ii) from the Initial Funding Date and thereafter, one-fourth of one percent (1/4%) per annum, on the average daily unused amount of the Revolving Committed Amount for such prior quarter. This Commitment Fee shall accrue from the Closing Date. For purposes of computation of the Commitment Fee, neither Swingline Loans nor Competitive Loans shall be counted toward or considered usage under the Committed Revolving Loan facility.

(c) Administrative Agent's Fee. The Borrower agrees to pay to the Administrative Agent, for its own account, the administrative and other fees referred to in the Administrative Agent's Fee Letter other than the Upfront Fee (the "Administrative Agent's Fees").

(d) Competitive Bid Request Fee. The Borrower shall make payment to the Administrative Agent of the applicable Competitive Bid Request Fee, if any, concurrently with delivery of such Competitive Bid Request (whether or not any Competitive Bid is offered by a Bank, accepted by the Borrower or extended by the offering Bank pursuant thereto).

2.12 Prepayments.

(a) Voluntary Prepayments. The Borrower shall have the right to prepay Loans in whole or in part from time to time without premium or penalty; provided, however, that (A) Eurodollar Loans and Fixed Rate Loans may only be prepaid (y) on the last day of an Interest Period applicable thereto or (z) on a day that is not the last day of an Interest Period applicable thereto if the Borrower pays to the applicable Banks any amounts due under Section 2.15(ii), and (B) each such partial prepayment shall be a minimum principal amount of $5,000,000 and integral multiples of $1,000,000 in excess thereof (or the amount then outstanding, if less). Amounts prepaid on the Loans may be reborrowed in accordance with the provisions hereof. If the Borrower shall fail to specify the manner of application, prepayments shall be applied first to Base Rate Loans and Fed Funds Swingline Loans, then to Eurodollar Loans and Fixed Rate Loans in direct order of their Interest Period maturities (and pro-rata to the extent such maturities are the same).

(b) Mandatory Prepayments. If at any time (i) the sum of Committed Revolving Loans plus Swingline Loans plus Competitive Loans shall exceed the lesser of the aggregate Revolving Committed Amount or the Borrowing Base, (ii) the aggregate amount of Swingline Loans shall exceed the Swingline Committed Amount, or (iii) the aggregate amount of the Competitive Loans shall exceed the Competitive Loan Maximum Amount, then in any such instance the Borrower shall immediately make payment on the Loans in an amount sufficient to eliminate the deficiency. In the case of a mandatory payment required on account of subsections (ii) or (iii), the amount required to be paid hereby shall serve to temporarily reduce the Revolving Committed Amount (for purposes of borrowing availability hereunder, but not for purposes of computation of fees) by the amount of the payment required until such time as the situation described in subsection (ii) or (iii) shall no longer exist. Further, in the event the Borrower or any other Credit Party shall make a public issuance of indebtedness, then the Borrower shall immediately make payment on the Loans hereunder in an amount equal to the lesser of (A) fifty percent (50%) of the amount of net proceeds received from such public issuance, or (B) the amount of Loans then outstanding, and the

Revolving Committed Amount hereunder shall be permanently reduced by an amount equal to fifty percent (50%) of the amount of net proceeds received from such public issuance. Payments made under this subsection 2.12(b) shall be applied first to Committed Revolving Loans, then to Swingline Loans and then to Competitive Loans, and with respect to the types of Loans, first to Base Rate Loans and Fed Funds Swingline Loans and then to Eurodollar Loans and Fixed Rate Loans in direct order of their Interest Period maturities (and pro-rata to the extent such maturities are the same). The Administrative Agent will, to the extent it may have knowledge, as a courtesy and not as a requirement, give prompt notice to the Borrower of any situation which may give rise to a mandatory prepayment under this Section 2.12(b); provided, however, delivery of any such notice by the Administrative Agent shall not constitute any kind of condition to the Borrower's obligation to make such mandatory prepayment, which obligation shall exist and be immediately owing notwithstanding the failure or inability of the Administrative Agent to give such notice.

(c) Notice. The Borrower will provide notice to the Administrative Agent of any prepayment by 10:00 a.m. (Charlotte, North Carolina time) on the date of prepayment.

2.13 Increased Costs, Illegality, etc. In the event any Bank shall determine (which determination shall be final and conclusive and binding on all the parties hereto absent manifest error) that:

(i) Unavailability. On any date for determining the appropriate Adjusted Eurodollar Rate for any Interest Period, that by reason of any changes arising on or after the date of this Credit Agreement affecting the interbank Eurodollar market,

dollar deposits in the principal amount requested are not generally available in the interbank Eurodollar Market, or adequate and fair means do not exist for ascertaining the applicable interest rate on the basis provided for in the definition of Adjusted Eurodollar Rate; then Eurodollar Loans will no longer be available, and request for a Eurodollar Loan shall be deemed requests for Base Rate Loans, until such time as such Bank shall notify the Borrower that the circumstances giving rise thereto no longer exist.

(ii) Increased Costs. At any time that such Bank shall incur increased costs or reductions in the amounts received or receivable hereunder with respect to any Eurodollar Loans because of (x) any change since the date of this Credit Agreement in any applicable law, governmental rule, regulation, guideline or order (or in the interpretation or administration thereof and including the introduction of any new law or governmental rule, regulation, guideline or order) including without limitation the imposition, modification or deemed applicability of any reserves, deposits or similar requirements (excluding taxes) as related to Eurodollar Loans (such as, for example, but not limited to, a change in official reserve requirements, but, in all events, excluding reserves required under Regulation D to the extent included in

the computation of the Adjusted Eurodollar Rate and/or (y) other circumstances (excluding taxes) arising after the date of this Credit Agreement affecting such Bank, the interbank Eurodollar market or the position of such Bank in such market; then the Borrower shall pay to such Bank promptly upon written demand therefor, such additional amounts (in the form of an increased rate of, or a different method of calculating, interest or otherwise as such Bank may determine in its reasonable discretion) as may be required to compensate such Bank for such increased costs or reductions in amounts receivable hereunder (written notice as to the additional amounts owed to such Bank, showing the basis for calculation thereof, shall, absent manifest error, be final and conclusive and binding on all parties hereto; provided, however, that such determinations are made on a reasonable basis).

(iii) Illegality. At any time after the date of this Credit Agreement, that the making or continuance of any Eurodollar Loan has become unlawful by compliance by such Bank in good faith with any law, governmental rule, regulation, guideline or order (or would conflict with any such governmental rule, regulation, guideline or order not having the force of law even though the failure to comply therewith would not be unlawful), or has become impossible as a result of a contingency occurring after the date of this Credit Agreement which materially and adversely affects the interbank Eurodollar market; then Eurodollar Loans will no longer be available, requests for Eurodollar Loans shall be deemed requests for Base Rate Loans and the Borrower may, and upon direction of the Bank, shall, as promptly as possible and, in any event within the time period required by law, have any such Eurodollar Loans then outstanding converted into Base Rate Loans.

2.14 Capital Adequacy. If after the date of this Credit Agreement, any Bank has determined that the adoption or effectiveness of any applicable law, rule or regulation regarding capital adequacy, or any change therein, or any change in the interpretation or administration thereof by any governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by such Bank with any request or directive regarding capital adequacy (whether or not having the force of law) of any such authority, central bank or comparable agency, has or would have the effect of reducing the rate of return on such Bank's capital or assets as a consequence of its commitments or obligations hereunder to a level below that which such Bank could have achieved but for such adoption, effectiveness, change or compliance (taking into consideration such Bank's policies with respect to capital adequacy), then from time to time, within 15 days after demand by such Bank, the Borrower shall pay to such Bank such additional amount or amounts as will

compensate such Bank for such reduction. Upon determining in good faith that any additional amounts will be payable pursuant to this Section, such Bank will give prompt written notice thereof to the Borrower, which notice shall set forth the basis of the calculation of such additional amounts, although the failure to give any such notice shall not release or diminish any of the Borrower's obligations to pay additional amounts pursuant to

this Section. Determination by any such Bank of amounts owing under this Section shall, absent manifest error, be final and conclusive and binding on the parties hereto; provided, however, that such determinations are made on a reasonable basis. Failure on the part of any Bank to demand compensation for any period hereunder shall not constitute a waiver of such Bank's rights to demand any such compensation in such period or in any other period; provided, however, that if such demand is made more than 180 days after the Bank had knowledge of the occurrence of any event described above regarding capital adequacy, the Borrower shall not be obligated to reimburse the Bank for amounts incurred prior to the date on which the Borrower receives such demand for compensation under this Section 2.14.

2.15 Compensation. The Borrower shall compensate each Bank, upon its written request (which request shall set forth the basis for requesting such compensation), for all reasonable losses, expenses and liabilities (including, without limitation, any loss, expense or liability incurred by reason of the liquidation or reemployment of deposits or other funds required by the Bank to fund its Eurodollar Loans or Fixed Rate Loans) which such Bank may sustain:

(i) if for any reason a borrowing of Eurodollar Loans or Fixed Rate Loans does not occur on a date specified therefor in a Notice of Borrowing, Notice of Conversion or Competitive Bid Request;

(ii) if any repayment or conversion of any Eurodollar Loan or Fixed Rate Loan occurs on a date which is not the last day of an Interest Period applicable thereto including without limitation in connection with any demand, repayment, acceleration or otherwise;

(iii) if any prepayment of any Eurodollar Loan or Fixed Rate Loan is not made on any date specified in a notice of prepayment given by the Borrower; or

(iv) as a consequence of (x) any other default by the Borrower to repay its Loans when required by the terms of this Credit Agreement or (y) an election made pursuant to this Section.

Calculation of all amounts payable to a Bank under this Section shall be made as though the Bank has actually funded its relevant Eurodollar Loan or Fixed Rate Loan, in the case of Eurodollar Loans through the purchase of a Eurodollar deposit bearing interest at the Adjusted Eurodollar Rate in an amount equal to the amount of that Loan, having a maturity comparable to the relevant Interest Period and in the case of Eurodollar Loans, through the transfer of such Eurodollar deposit from an offshore office of that Bank to a domestic office of that Bank in the United States of America; provided, however, that each Bank may fund each of its Eurodollar Loans in any manner it sees fit and the foregoing assumption shall be utilized only for the calculation of amounts payable under this Section.

2.16 Net Payments. All payments made by the Borrower hereunder will be made without setoff or counterclaim. All payments by the Borrower under

this Credit Agreement to or for the benefit of a Bank that is not a United States person within the meaning of Section 7701(a)(30) of the Internal Revenue Code shall be made free and clear of and without deduction or withholding for any future withholding or similar tax imposed by the United States or any political subdivision thereof excluding any tax (i) on income effectively connected with such Bank's conduct of a business within the United States or (ii) that would not be imposed absent a failure of such

Bank to provide the documentation required by Section 2.21 hereof (such nonexcluded taxes being hereafter referred to as the "Taxes"). If the Borrower shall be required to withhold or deduct Taxes from any sum payable hereunder, (i) the sum payable shall be increased as may be necessary so that the amount received is equal to the sum which would have been received had no withholdings or deductions been made, (ii) the Borrower shall make such necessary withholdings or deductions, and (iii) the Borrower shall pay the full amount withheld or deducted to the relevant authority according to applicable law so that such Bank shall not be required to make any deduction or payment of Taxes. If any such Bank receives a refund or credit (against any other tax) of any Taxes paid by the Borrower hereunder, the Bank shall promptly pay the full amount of such refund (including any interest received thereon) or credit to the Borrower.

2.17 Change of Lending Office; Right to Substitute Lender.

(a) Each Bank agrees that, upon the occurrence of any event giving rise to the operation of Section 2.13(ii) or (iii) or 2.16, it will, if requested by the Borrower, use reasonable efforts (subject to overall policy considerations of such Bank) to designate another lending office for any Loans affected by such event, provided that such designation is made on such terms that such Bank and its lending office suffer no economic, legal or regulatory disadvantage, with the object of avoiding the consequence of the event giving rise to the operation of any such Section. Except in the case of a change of lending office made at the request of the Borrower, no change in lending office will be made if greater costs and expenses would result under Section 2.13(ii) or (iii) or 2.16 on account of any such change in designation. Nothing in this Section shall affect or postpone any of the obligations of the Borrower or the right of any Bank provided in Section 2.13, 2.14 or 2.16.

(b) In addition to the Borrower's rights under Section 2.17(a), upon the occurrence of any event giving rise to the operation of Section 2.13(ii) or (iii) or 2.16, the Borrower may, within a period of sixty (60) days following the Borrower's obtaining knowledge of the occurrence of the event giving rise to the operation of such provisions, at its own expense, make arrangements for another bank or financial institution reasonably acceptable to the Administrative Agent to purchase and accept the rights and obligations under this Credit Agreement of any Bank entitled to payment under Section 2.13(ii) or (iii) or Section 2.16, whereupon such Bank shall assign to the bank or financial institution designated by the Borrower its rights and obligations hereunder pursuant to the provisions of Section 10.03(b) of this Credit Agreement.

2.18 Payments and Computations. Except as otherwise specifically provided herein, all payments hereunder shall be made to the Administrative Agent in U.S. dollars in immediately available funds at its offices at NationsBank Plaza, NC1-002-06-19, Charlotte, North Carolina not later than 2:00 p.m. (Charlotte, North Carolina time) on the date when due. Payments received after such time shall be deemed to have been received on the next succeeding Business Day. The Administrative Agent may (but shall not be obligated to) debit the amount of any such payment which is not made by such time to any ordinary deposit account of the Borrower maintained with the Administrative Agent (with notice to the Borrower). The Borrower shall, at the time it makes any payment under this Credit Agreement, specify to the Administrative Agent the Loans, Fees or other amounts payable by the Borrower hereunder to which such payment is to be applied (and in the event that it fails so to specify, or if such application would be inconsistent with the terms hereof, the Administrative Agent shall distribute such payment to the Banks in such manner as the Administrative Agent may determine to be appropriate in respect of obligations owing by the Borrower hereunder, subject to the terms of Section 2.20). The Administrative Agent will thereafter cause to be distributed promptly like funds relating to the payment of principal or interest or fees ratably to the Banks entitled to receive such payments in accordance with the terms of this Credit Agreement. Whenever any payment hereunder shall be stated to be due on a day which is not a Business Day, the due date thereof shall be extended to the next succeeding Business Day (subject to accrual of interest and Fees for the period of such extension), except that in the case of Eurodollar Loans, if the extension would cause the payment to be

made in the next following calendar month, then such payment shall instead be made on the next preceding Business Day. Except as expressly provided otherwise herein, all computations of interest and fees shall be made on the basis of actual number of days elapsed over a year of 365/366 days, in the case of interest on Base Rate Loans, and over a year of 360 days in all other instances. Interest shall accrue from and include the date of advance, but exclude the date of payment.

2.19 Pro Rata Treatment. Except to the extent otherwise provided herein:

(a) Committed Revolving Loans. Each Committed Revolving Loan (including without limitation each Mandatory Borrowing), each payment or prepayment of principal of any Committed Revolving Loan, each payment of interest on the Committed Revolving Loans, each payment of Commitment Fees, each reduction of the Revolving Committed Amount, and each conversion or continuation of any Committed Revolving Loan, shall be allocated pro rata among the relevant Banks in accordance with the respective applicable Revolving Loan Commitments (or, if the Commitments of such Banks have expired or been terminated, in accordance with the principal amounts of the outstanding Committed Revolving Loans and Participation Interests of such Banks); and

(b) Competitive Loans. Should the Borrower fail to specify the particular Competitive Loans as to which any payment or other amount should be applied and it is not otherwise clear as to the

particular Competitive Loans to which such payment or other amounts relate, or any such payment or other amount is to be applied to Competitive Loans without regard to any such direction by the Borrower, then each payment or prepayment of principal on Competitive Loans and each payment of interest or other amount on or in respect of Competitive Loans, shall be allocated pro rata among the relevant Competitive Loan Banks in accordance with the then outstanding amounts of their respective Competitive Loans.

2.20 Sharing of Payments. The Banks agree among themselves that, in the event that any Bank shall obtain payment in respect of any Loan through the exercise of a right of set-off, banker's lien, counterclaim or otherwise in excess of its pro rata share as provided for in this Credit Agreement, such Bank shall promptly purchase from the other Banks a participation in such Loans and other obligations in such amounts, and make such other adjustments from time to time, as shall be equitable to the end that all Banks share such payment in accordance with their respective ratable shares as provided for in this Credit Agreement. The Banks further agree among themselves that if payment to a Bank obtained by such Bank through the exercise of a right of set-off, banker's lien, counterclaim or otherwise as aforesaid shall be rescinded or must otherwise be restored, each Bank which shall have shared the benefit of such payment shall, by repurchase of a participation theretofore sold, return its share of that benefit to each Bank whose payment shall have been rescinded or otherwise restored. The Borrower and each other Credit Party agrees that any Bank so purchasing such a participation may, to the fullest extent permitted by law, exercise all rights of payment, including set-off, banker's lien or counterclaim, with respect to such participation as fully as if such Bank were a holder of such Loan or other obligation in the amount of such participation. Except as otherwise expressly provided in this Credit Agreement, if any Bank or the Administrative Agent shall fail to remit to the Administrative Agent or any other Bank an amount payable by such Bank or the Administrative Agent to the Administrative Agent or such other Bank pursuant to this Credit Agreement on the date when such amount is due, such payments shall be made together with interest thereon for each date from the date such amount is due until the date such amount is paid to the Administrative Agent or such other Bank at a rate per annum equal to the Federal Funds Effective Rate.

2.21 Foreign Lenders. Each Bank (which, for purposes of this Section 2.21, shall include any Affiliate of a Bank that makes any Eurodollar Loan advance pursuant to the terms of this Credit Agreement) that is not a "United States person" (as such term is defined in Section

7701(a)(30) of the Code) shall submit to the Borrower and the Administrative Agent on or before the Closing Date (or, in the case of a Person that becomes a Bank after the Closing Date by assignment, promptly upon such assignment), two duly completed and signed copies of (A) either (1) Form 1001 of the United States Internal Revenue Service entitling such Bank to a complete exemption from withholding on all amounts to be received by such Bank pursuant to this Agreement and/or the Notes or (2) Form 4224 of the United States Internal Revenue Service relating to all amounts to be received by such Bank pursuant to this Agreement and/or the Notes and (B) an Internal Revenue Service Form W-8 or W-9 entitling such Bank to receive a complete exemption from United States backup withholding tax. Each such

Bank shall, from time to time thereafter, submit to the Borrower and the Administrative Agent such additional duly completed and signed copies of such forms (or such successor forms or other documents as shall be adopted from time to time by the relevant United States taxing authorities) as may be (1) reasonably requested in writing by the Borrower or the Administrative Agent or (2) appropriate under then current United States laws or regulations. Upon the reasonable request of the Borrower or the Administrative Agent, each Bank that has not provided the forms or other documents, as provided above, on the basis of being a United States person shall submit to the Borrower and the Administrative Agent a certificate to the effect that it is such a "United States person."

SECTION 3

GUARANTEE

3.01 The Guarantee. Each of the Guarantors hereby jointly and severally guarantees to each Bank, the Agent, Administrative Agent and Co-Agents as hereinafter provided the prompt payment of the Obligations in full when due (whether at stated maturity, as a mandatory prepayment, by acceleration or otherwise) strictly in accordance with the terms thereof. The Guarantors hereby further agree that if any of the Obligations are not paid in full when due (whether at stated maturity, as a mandatory prepayment, by acceleration or otherwise), the Guarantors will, jointly and severally, promptly pay the same, without any demand or notice whatsoever, and that in the case of any extension of time of payment or renewal of any of the Obligations, the same will be promptly paid in full when due (whether at extended maturity, as a mandatory prepayment, by acceleration or otherwise) in accordance with the terms of such extension or renewal.

3.02 Obligations Unconditional. The obligations of the Guarantors under Section 3.01 hereof are joint and several, absolute and unconditional, irrespective of the value, genuineness, validity, regularity or enforceability of any of the Credit Documents, or any other agreement or instrument referred to therein, or any substitution, release or exchange of any other guarantee of or security for any of the Obligations, and, to the fullest extent permitted by applicable law, irrespective of any other circumstance whatsoever which might otherwise constitute a legal or equitable discharge or defense of a surety or guarantor, it being the intent of this Section 3.02 that the obligations of the Guarantors hereunder shall be absolute and unconditional under any and all circumstances. Without limiting the generality of the foregoing, it is agreed that, to the fullest extent permitted by law, the occurrence of any one or more of the following shall not alter or impair the liability of any Guarantor hereunder which shall remain absolute and unconditional as described above:

(i) at any time or from time to time, without notice to any Guarantor, the time for any performance of or compliance with any of the Obligations shall be extended, or such performance or compliance shall be waived;

(ii) any of the acts mentioned in any of the provisions of any of the Credit Documents or any other agreement or instrument

referred to therein shall be done or omitted;

(iii) the maturity of any of the Obligations shall be accelerated, or any of the Obligations shall be modified, supplemented or amended in any respect, or any right under any of the Credit Documents or any other agreement or instrument referred to therein shall be waived or any other guarantee of any of the Obligations or any security therefor shall be released or exchanged in whole or in part or otherwise dealt with;

(iv) any Lien granted to, or in favor of, the Administrative Agent or any Bank or Banks as security for any of the Obligations shall fail to attach or be perfected; or

(v) any of the Obligations shall be determined to be void or voidable (including, without limitation, for the benefit of any creditor of any Guarantor) or shall be subordinated to the claims of any Person (including, without limitation, any creditor of any Guarantor).

With respect to its obligations hereunder, each Guarantor hereby expressly waives diligence, presentment, demand of payment, protest and all notices whatsoever, and any requirement that the Administrative Agent or any Bank exhaust any right, power or remedy or proceed against any Person under any of the Credit Documents or any other agreement or instrument referred to therein, or against any other Person under any other guarantee of, or security for, any of the Obligations.

3.03 Reinstatement. The obligations of the Guarantors under this Section 3 shall be automatically reinstated if and to the extent that for any reason any payment by or on behalf of any Person in respect of the Obligations is rescinded or must be otherwise restored by any holder of any of the Obligations, whether as a result of any proceedings in bankruptcy or reorganization or otherwise, and each Guarantor agrees that it will indemnify each of the Administrative Agent and each Bank on demand for all reasonable costs and expenses (including, without limitation, fees of counsel) incurred by the Administrative Agent or such Bank in connection with such rescission or restoration, including any such costs and expenses incurred in defending against any claim alleging that such payment constituted a preference, fraudulent transfer or similar payment under any bankruptcy, insolvency or similar law.

3.04 Certain Additional Waivers. Without limiting the generality of the provisions of any other Section of this Section 3, each Guarantor hereby specifically waives the benefits of VA. Code Ann. (section mark) (section mark) 49-25 and 49-26 (1950, as amended). Each Guarantor further agrees that such Guarantor shall have no right of recourse to security for the Obligations. In addition, each Guarantor hereby waives and renounces any and all rights it has or may have for subrogation, indemnity, reimbursement or contribution against the Borrower for amounts paid by such Guarantor pursuant to Section 3.01. This waiver is expressly intended to prevent the existence of any claim in respect to such reimbursement by any Guarantor against the estate

of the Borrower within the meaning of Section 101 of the Bankruptcy Code, and to prevent any Guarantor from constituting a creditor of the Borrower in respect of such reimbursement within the meaning of Section 547(b) of the Bankruptcy Code in the event of a subsequent case involving the Borrower.

3.05 Remedies. The Guarantors agree that, to the fullest extent permitted by law, as between the Guarantors, on the one hand, and the Administrative Agent and the Banks, on the other hand, the Obligations may be declared to be forthwith due and payable as provided in Section 8.02 hereof (and shall be deemed to have become automatically due and payable in the circumstances provided in said Section 8.02) for purposes of Section 3.01 hereof notwithstanding any stay, injunction or other prohibition preventing such declaration (or preventing such Obligations from becoming automatically due and payable) as against any other Person and that, in the event of such declaration (or such Obligations being deemed to have become automatically due and payable), such Obligations (whether or not due and payable by any other Person) shall forthwith become due and payable by the

Guarantors for purposes of said Section 3.01.

3.06 Continuing Guarantee. The guarantee in this Section 3 is a continuing guarantee, and shall apply to all Obligations whenever arising.

3.07 Limitation of Guarantee. The liability of each Guarantor with respect to the Obligations guaranteed hereunder shall not exceed the Maximum Guaranteed Amount as determined at the earlier of the date of commencement of a case under the Bankruptcy Code in which the Guarantor is a debtor or the date enforcement is sought under this Section 3.

SECTION 4

CONDITIONS PRECEDENT

4.01 Conditions to Closing. The closing of this credit facility is subject to satisfaction of the following conditions (in form and substance acceptable to the Administrative Agent:

(a) Executed Credit Documents. Receipt by the Administrative Agent of copies of the Credit Agreement, the Notes and the other Credit Documents, if any (in sufficient numbers to provide a fully executed original to each Bank) as executed by the Borrower and the other Credit Parties other than Stuart Medical.

(b) Fees. Payment to the Administrative Agent of the portion of the Upfront Fees and Administrative Agent's Fees payable on the Closing Date.

4.02 Conditions to Initial Loan Advance. The obligation of the Banks to make the initial Loan advance is subject, at the time of the making of such initial Loan advance, to satisfaction of the following conditions (in form and substance acceptable to the Administrative Agent and the Required Banks):

(a) No Default; Representations and Warranties. Both at the time of the making of such Loan and after giving effect thereto (i) there shall exist no Default or Event of Default and (ii) all representations and warranties contained herein or in the other Credit Documents then in effect shall be true and correct in all material respects.

(b) Opinions of Counsel. Receipt by the Administrative Agent of the opinions of Drew St.J. Carneal, Esq., Senior Vice President and Corporate Counsel of the Borrower, and Hunton & Williams, special counsel to the Borrower and the Guarantors, substantially in the forms of Schedules 4.01(b)(1) and (2), respectively, (in sufficient numbers to provide a fully executed original to each Bank).

(c) Corporate Documents. Receipt by the Administrative Agent of the following:

(i) Articles of Incorporation. Copies of the articles of incorporation or charter documents of the Borrower and the Guarantors certified to be true and complete as of a recent date by the appropriate governmental authority of the state of its incorporation.

(ii) Resolutions. Copies of resolutions of the Board of Directors of the Borrower and the Guarantors approving and adopting the Credit Documents, the transactions contemplated therein and authorizing execution and delivery thereof, certified by a secretary or assistant secretary as of the Closing Date to be true and correct and in force and effect as of such date and containing therein certification of the incumbency and specimen signatures of the officers of the Credit Parties executing the Credit Documents.

(iii) Bylaws. A copy of the bylaws of the Borrower and the Guarantors certified by a secretary or assistant secretary as of

the Closing Date to be true and correct and in force and effect as of such date.

(iv) Good Standing. Copies of (i) certificates of good standing, existence or its equivalent with respect to the Borrower and the Guarantors certified as of a recent date by the appropriate governmental authorities of the state of incorporation and each other state in which the failure to so qualify and be in good standing would have a Material Adverse Effect and (ii) a certificate indicating payment of all corporate franchise taxes in such states of incorporation certified as of a recent date by the appropriate governmental taxing authorities, to the extent generally available from such authorities.

(d) Acquisition of Stuart Medical. Receipt by the Administrative Agent of the Agreement of Exchange dated as of December 22, 1993 as amended and restated as of March 31, 1994 among Stuart Medical, the Borrower and Owens & Minor, Inc. and certain shareholders of Stuart Medical (the "Exchange Agreement") relating to the

acquisition of Stuart Medical by the Borrower, together with evidence (i) that consummation of the acquisition of Stuart Medical pursuant to the terms thereof shall have occurred prior to or will occur contemporaneous with the initial Loan advance hereunder; (ii) that Stuart Medical (or its assets, as appropriate) shall have been acquired free and clear of liens, security interests, claims and other encumbrances, except for certain permitted liens as provided in the Exchange Agreement, all of which Liens shall, upon consummation of the acquisition contemplated in the Exchange Agreement and the corporate reorganization contemplated in connection therewith and funding of the Loans hereunder, constitute Permitted Liens hereunder, (iii) that the aggregate amount paid (including indebtedness assumed) in connection with the acquisition of Stuart Medical shall not exceed $325,000,000 (with the Series B Preferred Stock of the Borrower to be issued in connection with such acquisition being valued at $115,000,000 for this purpose); (iv) that the corporate structure of the Borrower and its Subsidiaries upon consummation of such acquisition of Stuart Medical shall not differ in any material respect from the corporate structure contemplated in the Exchange Agreement, (v) that all consents and approvals, if any, necessary in connection with consummation of such acquisition (including compliance with the Hart-Scott-Rodino Act) shall have been obtained and (vi) that the cash amount of accounting, investment banking, financial advisory and legal fees and expenses paid or incurred by the Borrower in connection with such acquisition shall not exceed $5,000,000 in the aggregate.

(e) Addition of Stuart Medical as a Credit Party. Stuart Medical shall have joined in the execution of this Credit Agreement as a Guarantor and Credit Party contemporaneous with the initial funding hereunder.

(f) Termination of Existing Credit Facilities. Receipt by the Administrative Agent of evidence of repayment and termination of the existing revolving credit facility extended to Owens & Minor, Inc. by Crestar Bank and NationsBank of Virginia, N.A.

(g) Outside Initial Funding Date. The Initial Funding Date shall not occur later than May 31, 1994.

SECTION 5

REPRESENTATIONS AND WARRANTIES

Each Credit Party hereby represents and warrants to the Agents and each Bank that:

5.01 Organization and Good Standing. Such Credit Party is a corporation duly incorporated, validly existing and in good standing under the laws of the State of its incorporation, is duly qualified and in good standing as a foreign corporation authorized to do business in every jurisdiction where the failure to so qualify would have a Material Adverse

Effect, and has the requisite corporate power and authority to own its

properties and to carry on its business as now conducted and as proposed to be conducted.

5.02 Due Authorization. Such Credit Party (i) has the requisite corporate power and authority to execute, deliver and perform this Credit Agreement and the other Credit Documents to which it is a party and to incur the obligations herein and therein provided for, and (ii) is duly authorized to, and has been authorized by all necessary corporate action, to execute, deliver and perform this Credit Agreement and the other Credit Documents to which it is a party.

5.03 No Conflicts. Neither the execution and delivery of the Credit Documents, nor the consummation of the transactions contemplated therein, nor performance of and compliance with the terms and provisions thereof by such Credit Party will (i) violate or conflict with any provision of its articles of incorporation or bylaws, (ii) violate, contravene or materially conflict with any law, regulation (including without limitation Regulation U or Regulation X), order, writ, judgment, injunction, decree or permit applicable to it, (iii) violate, contravene or materially conflict with contractual provisions of, or cause an event of default under, any indenture, loan agreement, mortgage, deed of trust, contract or other agreement or instrument to which it is a party or by which it may be bound, the violation of which would have a Material Adverse Effect, (iv) result in or require the creation of any lien, security interest or other charge or encumbrance (other than those contemplated in or created in connection with the Credit Documents) upon or with respect its properties, the creation of which would have a Material Adverse Effect.

5.04 Consents. No consent, approval, authorization or order of, or filing, registration or qualification with, any court or governmental authority or third party in respect of such Credit Party is required in connection with the execution, delivery or performance of this Credit Agreement or any of the other Credit Documents by the Borrower or any Guarantor, or if required, such consent, approval and authorization has been obtained.

5.05 Enforceable Obligations. This Credit Agreement and the other Credit Documents have been duly executed and delivered and constitute legal, valid and binding obligations of such Credit Party enforceable against such Credit Party in accordance with their respective terms, except as may be limited by bankruptcy or insolvency laws or similar laws affecting creditors' rights generally or by general equitable principles.

5.06 Financial Condition. The financial statements and financial information provided to the Banks, consisting of, among other things, an audited consolidated balance sheet of the Borrower and its Subsidiaries dated as of December 31, 1993 together with related consolidated statements of income, stockholders' equity and changes in financial position or cash flow certified by KPMG Peat Marwick, certified public accountants, are true and correct in all material respects and fairly represent the financial condition of the Borrower and its Subsidiaries as of such date; such financial statements were prepared in accordance with generally accepted accounting principles applied on a consistent basis (except as noted therein); and since the date of such financial statements there have

occurred no changes or circumstances which have had or are likely to have a Material Adverse Effect.

5.07 No Default. No Default or Event of Default presently exists.

5.08 Liens. Except for Permitted Liens, such Credit Party has good and marketable title to all of its properties and assets free and clear of all liens, encumbrances, mortgages, pledges, security interests and other adverse claims of any nature.

5.09 Indebtedness. Such Credit Party has no Indebtedness (including

without limitation Guaranty Obligations, reimbursement or other contingent obligations) except as disclosed in the financial statements referenced in Section 5.06 and as set forth in Schedule 5.09.

5.10 Litigation. Except as disclosed in Schedule 5.10, there are no actions, suits or legal, equitable, arbitration or administrative proceedings, pending or, to the knowledge of a Responsible Officer of such Credit Party, threatened against such Credit Party or any of its Restricted Subsidiaries which, if adversely determined, would likely have a Material Adverse Effect. For purposes hereof, in the case of proceedings involving only monetary damages, $5,000,000 or more in any instance shall be considered as having a Material Adverse Effect. Since the date of this Credit Agreement (or the date of the most recent update hereunder), there has been no material adverse change in the status of any actions, suits, investigations, litigation or proceedings disclosed hereunder which is likely to result in a Material Adverse Effect.

5.11 Material Agreements. Such Credit Party is not in default in any material respect under any contract, lease, loan agreement, indenture, mortgage, security agreement or other material agreement or obligation to which it is a party or by which any of its properties is bound which default would have a Material Adverse Effect.

5.12 Taxes. Such Credit Party has filed, or caused to be filed, all material tax returns (federal, state, local and foreign) required to be filed and paid all amounts of taxes shown thereon to be due (including interest and penalties) and has paid all other taxes, fees, assessments and other governmental charges (including mortgage recording taxes, documentary stamp taxes and intangibles taxes) owing (or necessary to preserve any liens in favor of the Banks) by it, except for such taxes (i) which are not yet delinquent or (ii) as are being contested in good faith and by proper proceedings, and against which adequate reserves are being maintained in accordance with generally accepted accounting principles. Such Credit Party is not aware of any proposed material tax assessments against it or any other members of the Consolidated Borrower Group.

5.13 Compliance with Law. Such Credit Party is in substantial compliance with all laws, rules, regulations, orders and decrees (including without limitation environmental laws) applicable to it, or to its properties, the failure to comply with which would have a Material Adverse Effect.

5.14 ERISA. (i) No Reportable Event (as defined in ERISA) has occurred and is continuing with respect to any Plan; (ii) no Plan has an unfunded current liability (determined under Section 412 of the Code) or an accumulated funding deficiency, (iii) no proceedings have been instituted, or, to the knowledge of any Responsible Officer of such Credit Party, planned, to terminate any Plan, (iv) neither such Credit Party nor any member of a Controlled Group, nor any duly-appointed administrator of a Plan has instituted or intends to institute proceedings to withdraw from any Multiemployer Plan; and (v) each Plan has been maintained and funded in all material respects with its terms and with the provisions of ERISA applicable thereto.

5.15 Subsidiaries. Set forth in Schedule 5.15 is a complete and accurate list of all Subsidiaries of each of such Credit Party. Further, the Non-Guarantor Subsidiaries, as a group, do not exceed the Threshold Requirement as provided in Section 6.12. Information on the attached Schedule includes state of incorporation; the number of shares of each class of capital stock or other equity interests outstanding; the number and percentage of outstanding shares of each class owned (directly or indirectly) by such Credit Party; and the number and effect, if exercised, of all outstanding options, warrants, rights of conversion or purchase and similar rights. The outstanding capital stock and other equity interests of all such Subsidiaries is validly issued, fully paid and non-assessable and is owned by such Credit Party, directly or indirectly, free and clear of all liens, security interests and other charges or encumbrances (other than those arising under or contemplated in connection with the Credit Documents).

5.16 Use of Proceeds; Margin Stock. The proceeds of the Loans

hereunder will be used solely for the purposes specified in Section 6.10. None of such proceeds will be used for the purpose of purchasing or carrying any "margin stock" as defined in Regulation U, Regulation X or Regulation G, or for the purpose of reducing or retiring any Indebtedness which was originally incurred to purchase or carry "margin stock" or for any other purpose which might constitute this transaction a "purpose credit" within the meaning of Regulation U, Regulation X or Regulation G. Such Credit Party does not own "margin stock" except as identified in the financial statements referred to in Section 5.06 hereof and, as of the date hereof, the aggregate value of all "margin stock" owned by such Credit Party and its Subsidiaries does not exceed 25% of the value of all such Credit Party's and its Subsidiaries' assets.

5.17 Government Regulation. Such Credit Party is not subject to regulation under the Public Utility Holding Company Act of 1935, the Federal Power Act, the Investment Company Act of 1940 or the Interstate Commerce Act, each as amended. In addition, such Credit Party is not (i) an "investment company" registered or required to be registered under the Investment Company Act of 1940, as amended, and is not controlled by such a company, or (ii) a "holding company," or a "Subsidiary company" of a "holding company," or an "affiliate" of a "holding company" or of a "Subsidiary" or a "holding company," within the meaning of the Public Utility Holding Company Act of 1935, as amended.

5.18 Hazardous Substances. Except as disclosed on Schedule 5.18 or except as would not reasonably be expected to have a Material Adverse Effect, to the knowledge of any Responsible Officer of such Credit Party, the real property owned or leased by such Credit Party and its Subsidiaries or on which it or its Subsidiaries operates (the "Subject Property") (i) is free from "hazardous substances" as defined in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. (section mark)(section mark) 9601 et seq., as amended, and the regulations promulgated thereunder;
(ii) no portion of the Subject Property is subject to federal, state or local regulation or liability because of the presence of stored, leaked or spilled petroleum products, waste materials or debris, "PCB's" or PCB items (as defined in 40 C.F.R. (section mark)763.3), underground storage tanks, "asbestos" (as
defined in 40 C.F.R. (section mark)763.63) or the past or present accumulation, spillage
or leakage of any such substance; (iii) such Credit Party and its Subsidiaries are in substantial compliance with all federal, state and local requirements relating to protection of health or the environment in connection with the operation of their businesses; and (iv) no Responsible Officer of such Credit Party knows of any complaint or investigation regarding real property which it or any other Credit Party owns or leases or on which it or any other Credit Party operates.

5.19 Patents, Franchises, etc. Such Credit Party possesses all material patents, trademarks, service marks, trade names, copyrights, licenses and other rights, free from burdensome restrictions, that are reasonably necessary for the operation of its business as presently conducted and as proposed to be conducted. Such Credit Party has obtained all material licenses, permits, franchises or other governmental authorizations necessary to the ownership of its respective property and to the conduct of its business except as would not reasonably be expected to have a Material Adverse Effect.

5.20 Solvency. Such Credit Party and each of its Restricted Subsidiaries, both collectively and individually, is and, after consummation of this Credit Agreement and after giving effect to all Indebtedness incurred hereunder, will be, solvent.

5.21 Investments. All investments of such Credit Party are Permitted Investments.

SECTION 6

AFFIRMATIVE COVENANTS

Each Credit Party hereby covenants and agrees that so long as this Credit Agreement is in effect and until the Loans, together with interest, fees and other obligations hereunder, have been paid in full and the Commitments hereunder shall have terminated:

6.01 Information Covenants. The Credit Parties will furnish, or cause to be furnished, to the Administrative Agent and each Bank:

(a) Annual Financial Statements. As soon as available and in any event within 90 days after the close of each fiscal year of the Borrower, a consolidated balance sheet of the Borrower and its Subsidiaries as at the end of such fiscal year together with related consolidated statements of income and retained earnings and of cash flows for such fiscal year, setting forth in comparative form consolidated figures for the preceding fiscal year, all in reasonable detail and examined by KPMG Peat Marwick, or other independent certified public accountants of recognized national standing reasonably acceptable to the Required Banks and whose opinion shall be to the effect that such consolidated financial statements have been prepared in accordance with generally accepted accounting principles applied on a consistent basis (except for changes with which such accountants concur). It is specifically understood and agreed that failure of the annual financial statements to be accompanied by an opinion and certificate of such accountants in form and substance as provided herein shall constitute a Default hereunder.

(b) Quarterly Financial Statements. As soon as available and in any event within 45 days after the end of each fiscal quarter of the Borrower, a consolidated balance sheet of the Borrower and its Subsidiaries and consolidating balance sheet for the Borrower which shall include detail for Owens & Minor, Inc. (to be renamed Owens & Minor Medical, Inc. after the Initial Funding Date) and Stuart Medical only, and statements of income and retained earnings and of cash flows for the Borrower and its Subsidiaries and consolidating statements of income and retained earnings for the Borrower which shall include detail for Owens & Minor, Inc. (to be renamed Owens & Minor Medical, Inc. after the Initial Funding Date) and Stuart Medical only, each for such quarterly period and for the portion of the fiscal year ending with such period, in each case setting forth in comparative form consolidated figures for the corresponding period of the preceding fiscal year (except that the balance sheet shall be compared to that at prior year end), all in reasonable form and detail acceptable to the Required Banks, and accompanied by a certificate of the chief financial officer, treasurer, controller or chief accounting officer of the Borrower, to the best of his knowledge and belief, as being true and correct in all material respects and as having been prepared in accordance with generally accepted accounting principles applied on a consistent basis, subject to changes resulting from normal year-end audit adjustments.

(c) Borrowing Base Certificates. As soon as practicable and in any event within 15 days after the end of each fiscal quarter of the Borrower, a statement of the Borrowing Base and its components as of the end of the immediately preceding fiscal quarter, substantially in the form of Schedule 6.01(c) hereto, certified by the chief financial officer, treasurer, controller or chief accounting officer of the Borrower as being, to the best of his knowledge and belief, true and correct in all material respects as of such date.

(d) Officer's Certificate. At the time of delivery of the financial statements provided for in Sections 6.01(a) and (b) hereof, a certificate of the chief financial officer, treasurer, controller or chief accounting officer of the Borrower

substantially in the form of Schedule 6.01(d) to the effect that no Default or Event of Default exists, or if any Default or Event of Default does exist specifying the nature and extent thereof and what action the Borrower proposes to take with respect thereto. In addition, the Officer's Certificate shall demonstrate compliance of the financial covenants contained in Section 6.11 by calculation thereof as of the end of each such fiscal period.

(e) Accountant's Certificate. Within the period for delivery of the annual financial statements provided in Section 6.01(a), a certificate of the accountants conducting the annual audit stating that they have reviewed this Credit Agreement and stating further whether, in the course of their audit, they have become aware of any Default or Event of Default arising as a result of a violation of the financial covenants contained in Section 6.11 of this Credit Agreement and, if any such Default or Event of Default exists, specifying the nature and extent thereof.

(f) SEC and Other Reports. Promptly upon transmission thereof, copies of any filings and registrations with, and reports to, (i) the Securities and Exchange Commission, or any successor agency, by the Borrower or any of its Subsidiaries, and copies of all financial statements, proxy statements, notices and reports as the Borrower or its Subsidiaries shall send to its shareholders or to the holders of any other Indebtedness (including specifically without limitation, any Subordinated Debt) in their capacity as such holders and (ii) the United States Environmental Protection Agency, or any state or local agency responsible for environmental matters, the United States Occupational Health and Safety Administration, or any state or local agency responsible for health and safety matters, or any successor agencies or authorities concerning environmental, health or safety matters.

(g) Other Information. With reasonable promptness upon any such request, such other information regarding the business, properties or financial condition of the Borrower and its Subsidiaries as the Administrative Agent or the Required Banks may reasonably request.

(h) Notice of Default or Litigation. Upon any Responsible Officer of a Credit Party obtaining knowledge thereof, such Credit Party will give written notice to the Administrative Agent (i) immediately, but in any event within 3 Business Days, of the occurrence of an event or condition consisting of a Default or Event of Default, specifying the nature and existence thereof and what action the Borrower proposes to take with respect thereto, and (ii) promptly, but in any event within 5 Business Days, of

the occurrence of any of the following with respect to any member of the Consolidated Borrower Group: (A) the pendency or commencement of any litigation, arbitral or governmental proceeding against any member of the Consolidated Borrower Group which if adversely determined is likely to have a Material Adverse Effect, (B) any levy of an attachment, execution or other process against its assets having a value of $500,000 or more, (C) the occurrence of an event or condition which shall constitute a default or event of default under any Indebtedness of any member of the Consolidated Borrower Group which, if accelerated as a result of such event of default would have a Material Adverse Effect, (D) any development in its business or affairs which has resulted in, or which any Credit Party reasonably believes may result in, a Material Adverse Effect, or (E) the institution of any proceedings against any member of the Consolidated Borrower Group with respect to, or the receipt of notice by a Responsible Officer of such Person of potential liability or responsibility for violation, or alleged violation of any federal, state or local law, rule or regulation, including but not limited to, regulations promulgated under the Resource

Conservation and Recovery Act of 1976, 42 U.S.C. (section mark)(section mark)6901 et seq., regulating the generation, handling or disposal of any toxic or hazardous waste or substance or the release into the environment or storage of any toxic or hazardous waste or substance, the violation of which would likely have a Material Adverse Effect, or (F) any notice or determination concerning the imposition of any withdrawal liability by a multiemployer Plan against any member of the Consolidated Borrower Group or any of its ERISA Affiliates, the determination that a multiemployer Plan is, or is expected to be, in reorganization within the meaning of Title IV or ERISA, the termination of any Plan, and the amount of liability incurred or which may be incurred in connection with any such event.

6.02 Preservation of Existence and Franchises. Except as otherwise permitted under Section 7.05, each member of the Consolidated Borrower Group will do all things necessary in any material respect to preserve and keep in full force and effect its existence, rights, franchises and authority for the normal conduct of its business.

6.03 Books, Records and Inspections. Each member of the Consolidated Borrower Group will keep complete and accurate books and records of its transactions in accordance with good accounting practices on the basis of generally accepted accounting principles applied on a consistent basis (including the establishment and maintenance of appropriate reserves). Each member of the Consolidated Borrower Group will permit on reasonable notice and, prior to the occurrence or during the continuance of an Event of Default, during normal business hours, officers or designated representatives of Administrative Agent or any Bank to visit and inspect its books of account and records and any of its properties or assets (in whomever's possession) and to discuss the affairs, finances and accounts of such member of the Consolidated Borrower Group with, and be advised as to the same by, its and their officers, directors and independent accountants.

6.04 Compliance with Law. Each member of the Consolidated Borrower Group will comply with all applicable laws, rules, regulations and orders of, and all applicable restrictions imposed by all applicable Governmental Authorities applicable to it and its property (including applicable statutes, regulations, orders and restrictions relating to environmental standards and controls) if noncompliance with any such law, rule, regulation or restriction would have a Material Adverse Effect.

6.05 Payment of Taxes and Other Indebtedness. Each member of the Consolidated Borrower Group will pay and discharge (i) all taxes, assessments and governmental charges or levies imposed upon it, or upon its income or profits, or upon any of its properties, before they shall become delinquent, (ii) all lawful claims (including claims for labor, materials and supplies) which, if unpaid, might give rise to a Lien or charge upon any of its properties, and (iii) except as prohibited hereunder, all of its other Indebtedness as it shall become due; provided, however, that members of the Consolidated Borrower Group shall not be required to pay any such tax, assessment, charge, levy, claim or Indebtedness which is being contested in good faith by appropriate proceedings and as to which adequate reserves therefor have been established in accordance with generally accepted accounting principles, unless the failure to make any such payment (a) shall give rise to an immediate right to foreclosure on a Lien securing such amounts or (b) otherwise would have a Material Adverse Effect.

6.06 Insurance. Each member of the Consolidated Borrower Group will at all times maintain in full force and effect insurance (including worker's compensation insurance, liability insurance, casualty insurance and business interruption insurance) in such amounts, covering such risks and liabilities and with such deductibles or self-insurance retentions as are in accordance with normal industry practice unless higher limits or other types of coverage are required by the terms of the other Credit Documents or are otherwise reasonably required by the Required Banks. The present coverage of the members of the Consolidated Borrower Group is outlined as to carrier, policy number, expiration date, type and amount on Schedule 6.06 hereto and is acceptable to the Banks as of the Closing Date.

6.07 Maintenance of Property. Each member of the Consolidated Borrower Group will maintain and preserve its properties and equipment used or useful in any material portion of its business (in whomsoever's possession as they may be) in good repair, working order and condition, normal wear and tear, obsolescence and replacement excepted, and will make, or cause to be made, in such properties and equipment from time to time all repairs, renewals, replacements, extensions, additions, betterments and improvements thereto as may be needed or proper, to the extent and in the manner customary for companies in similar businesses.

6.08 Performance of Obligations. Each member of the Consolidated Borrower Group will perform in all material respects all of its obligations (including, except as may be otherwise prohibited or contemplated hereunder, payment of Indebtedness in accordance with its terms) under the terms of all material agreements, indentures, mortgages, security agreements or other debt instruments to which it is a party or by which it is bound if the failure to do so would have a Material Adverse Effect.

6.09 ERISA. Each Credit Party and ERISA Affiliate will, (a) at all times, make prompt payment of all contributions required under all employee pension benefit plans (as defined in Section 3(2) of ERISA) ("Pension Plans") and required to meet the minimum funding standard set forth in ERISA with respect to each Plan; (b) promptly upon request, furnish the Administrative Agent and the Banks copies of each annual report/return (Form 5500 Series), as well as all schedules and attachments required to be filed with the Department of Labor and/or the Internal Revenue Service pursuant to ERISA, and the regulations promulgated thereunder, in connection with each of its Pension Plans for each Plan Year; (c) notify the Administrative Agent immediately of any fact, including, but not limited to, any Reportable Event (as defined in ERISA) arising in connection with any Plan, which might constitute grounds for termination thereof by the PBGC or for the appointment by the appropriate United States District Court of a trustee to administer such Plan, together with a statement, if requested by the Bank, as to the reason therefor and the action, if any, proposed to be taken with respect thereof; and (d) furnish to the Administrative Agent, upon its request, such additional information concerning any of the Pension Plans as may be reasonably requested. The Borrower will not, nor will it permit any of its Subsidiaries or ERISA Affiliates to (I) terminate a Plan if any such termination would have a Material Adverse Effect, or (II) cause or permit to exist any Reportable Event (as defined in ERISA) or other event or condition which presents a material risk of termination at the request of the PBGC.

6.10 Use of Proceeds. The proceeds of the Loans hereunder shall be used for the purpose of (i) financing the acquisition of the capital stock of Stuart Medical, (ii) refinancing approximately $150,000,000 in existing indebtedness of Stuart Medical, (iii) financing costs and expenses incurred in connection with the acquisition of Stuart Medical, (iv) refinancing and replacing the existing credit facility extended to Owens & Minor, Inc. by NationsBank of Virginia, N.A. and Crestar Bank and other existing bank indebtedness, (v) financing general working capital needs and other corporate purposes.

6.11 Financial Covenants.

(a) Consolidated Current Ratio. The Borrower will maintain at all times a Consolidated Current Ratio of at least 1.4 to 1.0.

(b) Consolidated Tangible Net Worth. On each Determination Date Consolidated Tangible Net Worth will not be less than:

(i) from the Closing Date through June 29, 1994, $50,000,000; and

(ii) on June 30, 1994 and thereafter, the sum of the greater of

(A) $50,000,000, or

(B) the amount equal to Consolidated Tangible Net Worth as of June 30, 1994 minus $15,000,000;

plus (y) on the last day of each of the Borrower's fiscal years to occur after June 30, 1994, 50% of Consolidated Net Income for the period from January 1, 1994 to such date (or if Consolidated Net Income for such period is a deficit figure, then zero) plus (z) 50% of the net proceeds received by the Borrower or any Subsidiary pursuant to any Equity Transaction from and after the Closing Date. As used herein, "Equity Transaction" means (i) the issuance by the Borrower or any Subsidiary of new shares of capital stock, unless such new shares are being issued in exchange for an ownership interest in another Person or in exchange for substantially all of the assets of another Person in connection with an acquisition permitted by Section 7.05, (ii) the issuance by the Borrower or any Subsidiary of any shares of capital stock (or any warrants or options relating to the subsequent purchase thereof) pursuant to the exercise of options or warrants, and (iii) the issuance by the Borrower or any Subsidiary of any shares of capital stock pursuant to the conversion of any debt securities (including any Subordinated Debt) to equity.

(c) Leverage Ratio. On each Determination Date the ratio of Consolidated Total Debt to Consolidated Total Capitalization will not exceed:

	Leverage Ratio
From the Closing Date through the First Anniversary Date of the Closing Date	.65 to 1.0
Thereafter through the Third Anniversary Date of the Closing Date	.60 to 1.0
Thereafter	.55 to 1.0

(d) Fixed Charge Coverage Ratio. As of each Determination Date for the Applicable Period set forth below, the Fixed Charge Coverage Ratio will be not less than 1.5 to 1.0. The Applicable Period for which the Fixed Charge Coverage Ratio shall be determined shall be as follows:

Determination Date	Duration of Applicable Period ending as of Determination Date*
End of Second Quarter 1994	One Quarter
End of Third Quarter 1994	Two Quarters
End of Fourth Quarter 1994	Three Quarters
End of First Quarter 1995 and thereafter	Four Quarters

* Components of the Fixed Charge Coverage Ratio shall be determined for the Applicable Period ending as of the Determination Date, except that determination of current maturities of Funded Debt and current maturities of Capitalized Leases under subsection (iii) of the definition of Consolidated Fixed Charges shall be for the duration shown for the Applicable Period above as of the Determination Date.

6.12 Additional Subsidiaries. Where the Subsidiaries which are not Guarantors hereunder (the "Non-Guarantor Subsidiaries") shall, as a group, at any time constitute more than either (i) 5% of the consolidated gross revenues for the Borrower and its Subsidiaries, (ii) 5% of consolidated net income for the Borrower and its Subsidiaries, or (iii) 5% of consolidated assets for the Borrower and its Subsidiaries (collectively, the "Threshold

Requirement"), the Borrower will promptly notify the Administrative Agent thereof, and promptly cause one or more of the Non-Guarantor Subsidiaries to become a "Guarantor" hereunder by way of execution of a Joinder Agreement, such that immediately after the joinder of such Subsidiaries as Guarantors hereunder, the remaining Non-Guarantor Subsidiaries shall not, as a group, exceed the Threshold Requirement. The Borrower may at any time, at its option, cause a Non-Guarantor Subsidiary to sign a Joinder Agreement at which time such Subsidiary shall become a Guarantor and a Credit Party under this Credit Agreement.

6.13 Interest Rate Protection Agreements. The Borrower shall, within 90 days of the Closing Date, enter into interest rate protection agreements protecting against fluctuations in interest rates as to which the material terms are reasonably satisfactory to the Administrative Agent and the Required Banks, which agreements shall provide coverage for an amount equal to at least (i) 50% of the initial borrowing on the Closing Date hereunder less (ii) the amount of any mandatory prepayments made by the Borrower pursuant to Section 2.12(b) in connection with the public issuance of indebtedness. If at any time following the Borrower's entering into such interest rate protection agreement the Borrower makes a mandatory prepayment pursuant to Section 2.12(b) in connection with the public issuance of indebtedness, the Borrower may reduce the amount subject to such interest rate protection agreement by an amount equal to the amount of such mandatory prepayment.

SECTION 7

NEGATIVE COVENANTS

Each Credit Party hereby covenants and agrees that so long as this Credit Agreement is in effect and until the Loans, together with interest, fees and other obligations hereunder, have been paid in full and the Commitments hereunder shall have terminated:

7.01 Indebtedness. Neither the Borrower nor any of its Restricted Subsidiaries will contract, create, incur, assume or permit to exist any Indebtedness, except:

(a) Indebtedness arising under this Credit Agreement and the other Credit Documents;

(b) Indebtedness existing as of the Closing Date as referenced in Section 5.09 (and renewals, refinancings or extensions thereof on terms and conditions no more favorable to such Person than such existing Indebtedness (taking into account reasonable market conditions existing at such time) and in a principal amount not in excess of that outstanding as of the date of such renewal, refinancing or extension), including specifically without limitation the Hygeia Notes;

(c) Indebtedness in respect of current accounts payable or accrued (other than for borrowed money or purchase money obligations) and incurred in the ordinary course of business, provided, that all such liabilities, accounts and claims shall be paid when due (or in conformity with customary trade terms);

(d) Purchase money Indebtedness and capital lease obligations relating to Capitalized Leases incurred to finance the purchase or lease of fixed assets provided that (i) the total of all such Indebtedness and obligations shall not exceed an aggregate principal amount of $10,000,000 at any one time outstanding; (ii) such Indebtedness and obligations when incurred shall not exceed the purchase price of the asset financed; and (iii) no such Indebtedness and obligations shall be refinanced for a principal amount in excess of the principal balance outstanding thereon at the time of such refinancing; and

(e) Publicly issued Indebtedness of the Borrower on terms acceptable to the Administrative Agent and the Required Banks, subject to a prepayment of net proceeds thereof and reduction in

the Commitments hereunder in accordance with the provisions of Section 2.12(b);

(f) Unsecured intercompany Indebtedness among the Credit Parties;

(g) Other short term unsecured indebtedness for borrowed money (including Guaranty Obligations) by the Borrower which does not exceed $5,000,000 in the aggregate at any time outstanding;

(h) Obligations under or arising in connection with the Interest Rate Protection Agreements required pursuant to Section 6.13.

7.02 Liens. Neither the Borrower nor any of its Restricted Subsidiaries will contract, create, incur, assume or permit to exist any Lien with respect to any of its property or assets of any kind (whether real or personal, tangible or intangible), whether now owned or after acquired, except for Permitted Liens.

7.03 Guaranty Obligations. Neither the Borrower nor any of its Restricted Subsidiaries will enter into or otherwise become or be liable in respect of any Guaranty Obligations (excluding specifically therefrom endorsements in the ordinary course of business of negotiable instruments for deposit or collection) other than (i) those in favor of the Banks in

connection herewith, (ii) guaranty of indebtedness of account debtors of the Credit Parties relating to the financing or refinancing of trade receivables owing to the Credit Parties in an aggregate amount not to exceed $1,000,000, (iii) guaranty by the Credit Parties in respect of publicly issued Indebtedness of the Borrower permitted under Section 7.01(e) and in respect of Obligations under or arising in connection with Interest Rate Protection Agreements required pursuant to Section 6.13, and (iv) other Guaranty Obligations to the extent permitted pursuant to Section 7.01.

7.04 Nature of Business. Neither the Borrower nor any of its Restricted Subsidiaries will substantively alter the character of its business in any material respect from that conducted as of the Closing Date.

7.05 Consolidation, Merger, Sale or Purchase of Assets, etc. Neither the Borrower nor any of its Restricted Subsidiaries will

(a) dissolve, liquidate, or wind up its affairs, sell, transfer, lease or otherwise dispose of all or any substantial part of its property or assets (other than in the ordinary course of business for fair consideration), or agree to any of the foregoing at a future time, except for the sale or disposition of machinery and equipment no longer useful in the conduct of its business. As used herein, "substantial part" shall mean if the book value of such assets, when added to the book value of all other assets sold, leased or otherwise disposed of by the Borrower and its Restricted Subsidiaries (other than in the ordinary course of business), (i) during the 12-month period ending with the date of such sale, lease or other disposition exceeds 10% of consolidated assets, determined as of the end of the immediately preceding fiscal year, or (ii) during the period beginning on the date of this Credit Agreement and ending on the date of such sale, lease or other disposition, exceeds an amount equal to 20% of consolidated assets determined as of the end of the immediately preceding fiscal year (but with adjustment to include the assets of Stuart Medical in the case of fiscal year 1994); or

(b) purchase, lease or otherwise acquire (in a single transaction or a series of related transactions) all or any substantial part of the property or assets of any Person (other than purchases or other acquisitions of inventory, leases, materials, property and equipment in the ordinary course of business, except as otherwise limited or prohibited herein), or enter into any transaction of merger or consolidation, or agree to do any of the foregoing at a future time, except for (i) Capital Expenditures to the extent of the

limitations set out in Section 6.11(d) by way of inclusion of Capital Expenditures in the definition of "Consolidated Net Income Available for Fixed Charges" as used therein, (ii) investments, acquisitions and transfers or dispositions of properties permitted pursuant to Section 7.06, (iii) the merger or consolidation of a Restricted Subsidiary into, or a sale, transfer or lease of all or a substantial part of its properties (at fair value) to, a Credit Party, and (iv) the merger of any Person into a Credit Party, provided that the Credit Party shall be the surviving corporation, and management and control of the Credit

Party shall remain substantially unchanged and no Default or Event of Default shall exist either immediately prior to or after giving effect to such merger. Notwithstanding the foregoing, other than Capital Expenditures permitted pursuant to Section 6.11(d) by way of inclusion of Capital Expenditures in the definition of "Consolidated Net Income Available for Fixed Charges" as used therein, investments pursuant to Section 7.06 and the acquisition of Stuart Medical, in the case of an acquisition by the Borrower or its Restricted Subsidiaries, whether by way of asset purchase, stock or securities purchase or merger or consolidation, the aggregate consideration paid in connection with such acquisitions whether in cash, securities, property or other consideration, shall not exceed $25,000,000 for the remainder of fiscal year 1994, and thereafter, for any fiscal year, 40% of Consolidated Tangible Net Worth as of the last day of the immediately preceding fiscal year. The Borrower will, in connection with any such material purchase, lease or acquisition and prior to giving effect thereto, deliver to the Administrative Agent a pro forma statement demonstrating compliance with the provisions hereof.

7.06 Advances, Investments and Loans. Neither the Borrower nor any of its Restricted Subsidiaries will lend money or credit or make advances to any Person, or purchase or acquire any stock, obligations or securities of, or any other interest in, or make any capital contribution to any Person except for Permitted Investments.

7.07 Prepayments of Indebtedness, etc. Except (A) as to the 61/2% Convertible Subordinated Note Due May 31, 1996 of Owens & Minor, Inc. (which is to be exchanged for a 9.10% Convertible Subordinated Note of the Borrower in connection with the consummation of the Exchange Agreement) and the 0% Subordinated Note Due May 31, 1997 of Owens & Minor, Inc., as the same is to be amended in connection with the consummation of the Exchange Agreement (collectively referred to as the "Hygeia Notes") and (B) prepayments in respect of capital lease obligations relating to Capitalized Leases not to exceed $5,000,000 in the aggregate in any fiscal year, neither the Borrower nor any of its Restricted Subsidiaries will (i) after the issuance thereof, amend or modify (or permit the amendment or modification of), any of the terms of any subordinated or senior funded indebtedness for borrowed money to the extent any such amendment or modification would be reasonably adverse to the interests of the Banks, (ii) make (or give any notice with respect thereto) any voluntary or optional payment or prepayment or redemption or acquisition for value of (including without limitation, by way of depositing money or securities with the trustee with respect thereto before due for the purpose of paying when due) or exchange of any other Indebtedness for borrowed money or (iii) make any payment, prepayment, redemption, acquisition for value of (including without limitation, by way of depositing money or securities with the trustee with respect thereto before due for the purpose of paying when due) refund, refinance or exchange of any Subordinated Debt. As used herein, "Subordinated Debt" means any indebtedness for borrowed money which by its terms is, or upon the happening of certain events may become, subordinated in right of payment to the Loans and other amounts owing hereunder or in connection herewith.

7.08 Transactions with Affiliates. No member of the Consolidated Borrower Group will enter into any transaction or series of transactions, whether or not in the ordinary course of business, with any officer, director, shareholder, Subsidiary or Affiliate other than on terms and

conditions substantially as favorable as would be obtainable in a comparable arm's-length transaction with a Person other than an Affiliate.

7.09 Ownership of Subsidiaries. Neither the Borrower nor any of its Restricted Subsidiaries will sell, transfer or otherwise dispose of, any shares of capital stock of any Subsidiaries or permit any Subsidiaries to issue, sell or otherwise dispose of, any shares of capital stock of any Subsidiary. Neither the Borrower nor any of its Restricted Subsidiaries will create, form or acquire a Subsidiary unless such Subsidiary is or would be a Restricted Subsidiary.

7.10 Fiscal Year. Neither the Borrower nor any of its Restricted Subsidiaries will change its fiscal year.

7.11 Subsidiary Dividends. Neither the Borrower nor any of the other Credit Parties will enter into, assume or otherwise become subject to, or permit any of their respective Subsidiaries to enter into, assume or otherwise become subject to, any agreement prohibiting or otherwise restricting the payment of dividends by any of the Borrower's Subsidiaries.

SECTION 8

EVENTS OF DEFAULT

8.01 Events of Default. An Event of Default shall exist upon the occurrence of any of the following specified events (each an "Event of Default"):

(a) Payment. Any Credit Party shall

(i) default in the payment when due of any principal of any of the Loans, or

(ii) default, and such default shall continue for three (3) or more days, in the payment when due of any interest on the Loans, or of any fees or other amounts owing hereunder, under any of the other Credit Documents or in connection herewith; or

(b) Representations. Any representation, warranty or statement made or deemed to be made by any Credit Party herein, in any of the other Credit Documents, or in any statement or certificate delivered or required to be delivered pursuant hereto or thereto shall prove untrue in any material respect on the date as of which it was deemed to have been made; or

(c) Covenants. Any Credit Party shall

(i) default in the due performance or observance of any term, covenant or agreement contained in Sections 6.01(h), 6.02, 6.10, 6.11 or 7.01 through 7.11, inclusive, or

(ii) default in the due performance or observance by it of any term, covenant or agreement (other than those referred to in subsections (a), (b) or (c)(i) of this Section 8.01) contained in this Credit Agreement and such default shall continue unremedied for a period of at least 30 days after the earlier of a Responsible Officer becoming aware of such default or notice thereof by the Administrative Agent; provided, however, that if such default cannot be cured within such period, the Borrower or other Credit Party may have such additional period of time not to exceed 30 days after the expiration of such original 30 day period, and such default shall not constitute an Event of Default hereunder, so long as the applicable Credit Party shall commence within such original 30 day period, and diligently pursue, appropriate curative efforts; or

(d) Other Credit Documents. (i) Any Credit Party shall

default in the due performance or observance of any term, covenant or agreement in any of the other Credit Documents (subject to applicable grace or cure periods, if any), or (ii) any Credit Document shall fail to be in full force and effect or to give the Administrative Agent and/or the Banks the liens, rights, powers and privileges purported to be created thereby; or

(e) Guaranties. The guaranty given by the Credit Parties hereunder or by any Additional Credit Party hereafter or any material provision thereof shall cease to be in full force and effect, or any Guarantor thereunder or any Person acting by or on behalf of such Guarantor shall deny or disaffirm such Guarantor's obligations under such guaranty, or any Guarantor shall default in the due performance or observance of any term, covenant or agreement on its part to be performed or observed pursuant to any guaranty; or

(f) Bankruptcy, etc. The Borrower or any Restricted Subsidiary shall commence a voluntary case concerning itself under the Bankruptcy Code; or an involuntary case is commenced against the Borrower or any Restricted Subsidiary under the Bankruptcy Code and the petition is not dismissed within 90 days after commencement of the case; or a custodian (as defined in the Bankruptcy Code) is appointed for, or takes charge of all or substantially all of the property of the Borrower or any Restricted Subsidiary; or the Borrower or any Restricted Subsidiary commences any other proceeding under any reorganization, arrangement, adjustment of the debt, relief of creditors, dissolution, insolvency or similar law of any jurisdiction whether now or hereafter in effect relating to the Borrower or any Restricted Subsidiary; or there is commenced against the Borrower or any Restricted Subsidiary any such proceeding which remains undismissed for a period of 90 days; or

the Borrower or any Restricted Subsidiary is adjudicated insolvent or bankrupt; or any order of relief or other order approving any such case or proceeding is entered; or the Borrower or any Restricted Subsidiary suffers appointment of any custodian or the like for it or for any substantial part of its property to continue unchanged or unstayed for a period of 90 days; or the Borrower or any Restricted Subsidiary makes a general assignment for the benefit of creditors; or any corporate action is taken by the Borrower or any Restricted Subsidiary for the purpose of effecting any of the foregoing; or

(g) Defaults under Other Agreements. With respect to any Indebtedness (other than Indebtedness outstanding under this Credit Agreement) in excess of $15,000,000 in the aggregate for the Borrower and its Restricted Subsidiaries, (i) the Borrower or any of its Restricted Subsidiaries shall (A) default in any payment (beyond the applicable grace period with respect thereto, if any) with respect to any such Indebtedness, or (B) default in the observance or performance relating to such Indebtedness or contained in any instrument or agreement evidencing, securing or relating thereto, or any other event or condition shall occur or condition exist, the effect of which default or other event or condition is to cause, or permit, the holder or holders of such Indebtedness (or trustee or agent on behalf of such holders) to cause, any such Indebtedness to become due prior to its stated maturity; or (ii) any such Indebtedness shall be declared due and payable, or required to be prepaid other than by a regularly scheduled required prepayment, prior to the stated maturity thereof; or

(h) Judgments. One or more judgments or decrees shall be entered against the Borrower or any Restricted Subsidiary involving a liability of $500,000 or more in the aggregate (to the extent not paid or fully covered by insurance provided by a carrier who has acknowledged coverage) and any such judgments or decrees shall not have been vacated, discharged or stayed or bonded pending appeal within 30 days from the entry thereof; or

(i) ERISA. (i) Any Credit Party or any member of the Controlled Group shall fail to pay when due an amount or amounts aggregating in excess of $500,000 which it shall have become liable to pay under Title IV of ERISA; or notice of intent to terminate a Plan or Plans which in the aggregate have unfunded liabilities in excess of $500,000 (individually and collectively, a "Material Plan") shall be filed under Title IV of ERISA by any such member of the Consolidated Borrower Group or any member of the Controlled Group, any plan administrator or any combination of the foregoing; or the PBGC shall institute proceedings under Title IV of ERISA to terminate, to impose liability (other than for premiums under Section 4007 of ERISA) in respect of, or to cause a trustee to be appointed to administer any Material Plan; or a condition shall exist by reason of which the PBGC would be entitled to obtain a decree adjudicating that any Material Plan must be terminated; or there shall occur a complete or partial

withdrawal from, or a default, within the meaning of Section 4219(c)(5) of ERISA, with respect to, one or more Multiemployer Plans which could cause one or more members of the Controlled Group to incur a current payment obligation in excess of $500,000; or

(j) Ownership. There shall occur a Change of Control.

8.02 Acceleration; Remedies. Upon the occurrence of an Event of Default, and at any time thereafter unless and until such Event of Default has been waived by the Required Banks or cured to the satisfaction of the Required Banks (pursuant to the voting procedures in Section 10.06), the Administrative Agent may, and upon the request and direction of the Required Banks, shall, by written notice to the Borrower take any of the following actions without prejudice to the rights of the Administrative Agent or any Bank to enforce its claims against the Credit Parties, except as otherwise specifically provided for herein:

(i) Termination of Commitments. Declare the Commitments terminated whereupon the Commitments shall be immediately terminated.

(ii) Acceleration of Loans. Declare the unpaid principal of and any accrued interest in respect of all Loans and any and all other indebtedness or obligations of any and every kind owing by the Borrower to any of the Banks hereunder to be due whereupon the same shall be immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrower.

(iii) Enforcement of Rights. Enforce any and all rights and interests created and existing under the Credit Documents and all rights of set-off.

Notwithstanding the foregoing, if an Event of Default specified in Section 8.01(f) shall occur, then the Commitments shall automatically terminate and all Loans, all accrued interest in respect thereof, all accrued and unpaid Fees and other indebtedness or obligations owing to the Banks hereunder shall immediately become due and payable without the giving of any notice or other action by the Administrative Agent or the Banks.

SECTION 9

AGENCY PROVISIONS

9.01 Appointment. Each Bank hereby designates and appoints NationsBank of North Carolina, N.A. as agent (in such capacity as Agent hereunder, the "Agent"), Chemical Bank, N.A. and Crestar Bank as co-agents (in such capacity as Co-Agent hereunder, the "Co-Agents") and NationsBank of North Carolina, N.A. as administrative agent (in such capacity as Administrative Agent hereunder, the "Administrative Agent") of such Bank to act as specified herein and the other Credit Documents, and each such Bank

hereby authorizes the Agent, the Administrative Agent and the Co-Agents, respectively, as the agent for such Bank, to take such action on its behalf under the provisions of this Credit Agreement and the other Credit Documents and to exercise such powers and perform such duties as are expressly delegated by the terms hereof and of the other Credit Documents, together with such other powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary elsewhere herein and in the other Credit Documents, neither the Agent, the Co-Agents nor the Administrative Agent shall have any duties or responsibilities, except those expressly set forth herein and therein, or any fiduciary relationship with any Bank, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Credit Agreement or any of the other Credit Documents, or shall otherwise exist against the Agents. To the extent that the provisions of this Section relate to intercreditor or other issues as between and among the Agents and the Banks, they are solely for the benefit of the Agents and the Banks and none of the Credit Parties shall have any rights as a third party beneficiary of the provisions hereof. In performing its functions and duties under this Credit Agreement and the other Credit Documents, the Agent, the Administrative Agent and the Co-Agents shall act solely as agents of the Banks and do not assume and shall not be deemed to have assumed any obligation or relationship of agency or trust with or for the Borrower or any other Credit Party.

9.02 Delegation of Duties. The Agents may execute any of their respective duties hereunder or under the other Credit Documents by or through agents or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. The Agents shall not be responsible for the negligence or misconduct of any agents or attorneys-in-fact selected by it with reasonable care.

9.03 Exculpatory Provisions. Neither the Agent, the Co-Agents nor the Administrative Agent nor any of their respective officers, directors, employees, agents, attorneys-in-fact or affiliates shall be (i) liable for any action lawfully taken or omitted to be taken by it or such Person under or in connection herewith or in connection with any of the other Credit Documents (except for its or such Person's own gross negligence or willful misconduct), or (ii) responsible in any manner to any of the Banks for any recitals, statements, representations or warranties made by any of the Credit Parties contained herein or in any of the other Credit Documents or in any certificate, report, statement or other document referred to or provided for in, or received by the Administrative Agent under or in connection herewith or in connection with the other Credit Documents, or enforceability or sufficiency hereof or of any of the other Credit Documents, or for any failure of the Borrower to perform its obligations hereunder or thereunder. Neither the Agent, the Co-Agents nor the Administrative Agent shall be responsible to any Bank for the effectiveness, genuineness, validity, enforceability, collectibility or sufficiency of this Credit Agreement, or any of the other Credit Documents or for any representations, warranties, recitals or statements made herein or therein or made by the Borrower or any Credit Party in any written or oral statement or in any financial or other statements, instruments, reports, certificates or any other documents in connection herewith or therewith furnished or made by the Agent, the Co-Agents or the

Administrative Agent to the Banks or by or on behalf of the Credit Parties to the Agent, the Co-Agents or the Administrative Agent or any Bank or be required to ascertain or inquire as to the performance or observance of any of the terms, conditions, provisions, covenants or agreements contained herein or therein or as to the use of the proceeds of the Loans or of the existence or possible existence of any Default or Event of Default or to inspect the properties, books or records of the Credit Parties.

9.04 Reliance on Communications. The Agent, the Co-Agents and the Administrative Agent shall be entitled to rely, and shall be fully protected in relying, upon any note, writing, resolution, notice, consent,

certificate, affidavit, letter, cablegram, telegram, telecopy, telex or teletype message, statement, order or other document or conversation reasonably believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons and upon advice and statements of legal counsel (including, without limitation, counsel to the Borrower or any of the other Credit Parties, independent accountants and other experts selected by the Administrative Agent with reasonable care). The Administrative Agent may deem and treat the Banks as the owner of their respective interests hereunder for all purposes unless a written notice of assignment, negotiation or transfer thereof shall have been filed with the Administrative Agent in accordance with Section 10.03(b) hereof. The Administrative Agent shall be fully justified in failing or refusing to take any action under this Credit Agreement or under any of the other Credit Documents unless it shall first receive such advice or concurrence of the Required Banks as it deems appropriate or it shall first be indemnified to its satisfaction by the Banks against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action. The Administrative Agent shall in all cases be fully protected in acting, or in refraining from acting, hereunder or under any of the other Credit Documents in accordance with a request of the Required Banks (or to the extent specifically provided in Section 10.06, all the Banks) and such request and any action taken or failure to act pursuant thereto shall be binding upon all the Banks (including their successors and assigns).

9.05 Notice of Default. The Administrative Agent shall not be deemed to have knowledge or notice of the occurrence of any Default or Event of Default hereunder unless the Administrative Agent has received notice from a Bank or a Credit Party referring to the Credit Document, describing such Default or Event of Default and stating that such notice is a "notice of default." In the event that the Administrative Agent receives such a notice, the Administrative Agent shall give prompt notice thereof to the Banks. The Administrative Agent shall take such action with respect to such Default or Event of Default as shall be reasonably directed by the Required Banks.

9.06 Non-Reliance on Agents and Other Banks. Each Bank expressly acknowledges that neither the Agent, the Co-Agents nor the Administrative Agent nor any of their respective officers, directors, employees, agents, attorneys-in-fact or affiliates has made any representations or warranties to it and that no act by the Agent, the Co-Agents or the Administrative Agent or any affiliate thereof hereinafter taken, including any review of the affairs of the Borrower, shall be deemed to constitute any

representation or warranty by the Agent, the Co-Agents or the Administrative Agent to any Bank. Each Bank represents to the Agent, the Co-Agents and the Administrative Agent that it has, independently and without reliance upon the Agent, the Co-Agents or the Administrative Agent or any other Bank, and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, assets, operations, property, financial and other conditions, prospects and creditworthiness of the Borrower and made its own decision to make its Loans hereunder and enter into this Credit Agreement. Each Bank also represents that it will, independently and without reliance upon the Agent, the Co-Agents or the Administrative Agent or any other Bank, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Credit Agreement, and to make such investigation as it deems necessary to inform itself as to the business, assets, operations, property, financial and other conditions, prospects and creditworthiness of the Borrower. Except for notices, reports and other documents expressly required to be furnished to the Banks by the Administrative Agent hereunder, neither the Agent, the Co-Agents nor the Administrative Agent shall have any duty or responsibility to provide any Bank with any credit or other information concerning the business, operations, assets, property, financial or other conditions, prospects or creditworthiness of the Borrower which may come into the possession of the Agent, the Co-Agents nor the Administrative Agent or any of their respective officers, directors, employees, agents, attorneys-in-fact or affiliates.

9.07 Indemnification. The Banks agree to indemnify the Agent, the

Co-Agents and the Administrative Agent in their respective capacities as such (to the extent not reimbursed by the Borrower and without limiting the obligation of the Borrower to do so), ratably according to their respective Commitments, from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind whatsoever which may at any time (including without limitation at any time following the payment of the Obligations) be imposed on, incurred by or asserted against the Agent, the Co-Agents or the Administrative Agent in their respective capacities as such in any way relating to or arising out of this Credit Agreement or the other Credit Documents or any documents contemplated by or referred to herein or therein or the transactions contemplated hereby or thereby or any action taken or omitted by the Agent, the Co-Agents or the Administrative Agent under or in connection with any of the foregoing; provided that no Bank shall be liable for the payment of any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from the gross negligence or willful misconduct of the Agent, a Co-Agent or the Administrative Agent. If any indemnity furnished to the Agent, the Co-Agents or the Administrative Agent for any purpose shall, in the opinion of the Agent, the Co-Agents or the Administrative Agent, be insufficient or become impaired, the Administrative Agent may call for additional indemnity and cease, or not commence, to do the acts indemnified against until such additional indemnity is furnished. The agreements in this Section shall survive the payment of the Obligations and all other amounts payable hereunder and under the other Credit Documents.

9.08 Agents in their Individual Capacity. The Agent, the Co-Agents and the Administrative Agent and their respective affiliates may make loans to, accept deposits from and generally engage in any kind of business with the Borrower or any other members of the Consolidated Borrower Group as though the Agent, the Co-Agents or the Administrative Agent were not the Agent, a Co-Agent or Administrative Agent hereunder. With respect to the Loans made and all Obligations owing to it, the Agent, the Co-Agent or the Administrative Agent shall have the same rights and powers under this Credit Agreement as any Bank and may exercise the same as though they were not the Agent, a Co-Agent or Administrative Agent, and the terms "Bank" and "Banks" shall include the Agent, the Co-Agents and the Administrative Agent in their individual capacity.

9.09 Successor Agent. The Agent, the Administrative Agent and any Co-Agent may, at any time, resign upon 30 days' written notice to the Banks and the Borrower, and be removed with or without cause by the Required Banks upon 30 days' written notice to the Borrower and the Agent, the Co-Agent or Administrative Agent. Upon any such resignation or removal, the Required Banks, with the consent of the Borrower (which consent shall not be unreasonably withheld or delayed), shall have the right to appoint a successor Agent, Co-Agent or Administrative Agent. If no successor Agent, Co-Agent or Administrative Agent shall have been so appointed by the Required Banks, and shall have accepted such appointment, within 30 days after the notice of resignation or notice of removal, as appropriate, then the retiring Agent, Co-Agent or Administrative Agent shall select a successor Agent, Co-Agent or Administrative Agent, with the consent of the Borrower (which consent shall not be unreasonably withheld or delayed), provided such successor is a Bank hereunder or a commercial bank organized under the laws of the United States of America or of any State thereof and has a combined capital and surplus of at least $400,000,000. Upon the acceptance of any appointment as Agent, Co-Agent or Administrative Agent hereunder by a successor, such successor Co-Agent or Administrative Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Agent, Co-Agent or Administrative Agent, and the retiring Agent, Co-Agent or Administrative Agent shall be discharged from its duties and obligations as Agent, Co-Agent or Administrative Agent, as appropriate, under this Credit Agreement and the other Credit Documents and the provisions of this Section 9.09 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Agent, Co-Agent or Administrative Agent under this Credit Agreement.

MISCELLANEOUS

10.01 Notices. Except as otherwise expressly provided herein, all notices and other communications shall have been duly given and shall be effective (i) when delivered, (ii) when transmitted via telecopy (or other facsimile device) to the number set out below, (iii) the day following the day on which the same has been delivered prepaid to a reputable national overnight air courier service, or (iv) the third Business Day following the day on which the same is sent by certified or registered mail, postage

prepaid, in each case to the respective parties at the address, in the case of the Borrower and the Administrative Agent, set forth below, and in the case of the Banks, set forth on Schedule 2.01(a), or at such other address as such party may specify by written notice to the other parties hereto:

if to the Borrower or the Guarantors:

Owens & Minor, Inc.
4800 Cox Road
Glen Allen, Virginia 23060
Attn: Richard F. Bozard
Telephone: (804) 965-2921
Telecopy: (804) 965-5403

if to the Agent, the Administrative Agent or the Swingline Lender:

NationsBank of North Carolina, N.A.
NationsBank Plaza, 6th Floor
NC1-002-06-19
Charlotte, North Carolina 28255
Attn: Tracy Crotts
Telephone: (704) 386-9368
Telecopy: (704) 386-9923

with a copy to:

NationsBank of North Carolina, N.A.
1111 East Main Street
Fourth Floor Pavilion
VA2-310-04-07
Richmond, Virginia 23277-0001
Attn: Robert Y. Bennett
Vice President
Telephone: (804) 788-3631
Telecopy: (804) 788-3669

10.02 Right of Set-Off. In addition to any rights now or hereafter granted under applicable law or otherwise, and not by way of limitation of any such rights, the Borrower agrees that upon the occurrence and during the continuance of an Event of Default and the commencement of the remedies described in Section 8.02 hereof, each Bank is authorized at any time and from time to time, without presentment, demand, protest or other notice of any kind (all of which rights being hereby expressly waived), to set-off and to appropriate and apply any and all deposits (general or special) and any other indebtedness at any time held or owing by such Bank (including, without limitation branches, agencies or Affiliates of such Bank wherever located) to or for the credit or the account of the Borrower against obligations and liabilities of the Borrower to such Bank hereunder, under the Notes, the other Credit Documents or otherwise, irrespective of whether such Bank shall have made any demand hereunder and although such obligations, liabilities or claims, or any of them, may be contingent or unmatured, and any such set-off shall be deemed to have been made immediately upon the occurrence of an Event of Default even though such

charge is made or entered on the books of such Bank subsequent thereto. The Borrower hereby agrees that any Person purchasing a participation in

the Loans and Commitments hereunder pursuant to Section 10.03(c) or Section 2.20. may exercise all rights of set-off with respect to its participation interest as fully as if such Person were a Bank hereunder. The Administrative Agent and the Banks agree to give written notice to the appropriate Credit Party of any exercise of set-off, bankers' lien or other similar right; provided, however, that any such notice need not be given in advance of the exercise thereof.

10.03 Benefit of Agreement.

(a) Generally. This Credit Agreement shall be binding upon and inure to the benefit of and be enforceable by the respective successors and assigns of the parties hereto; provided that the Borrower may not assign and transfer any of its interests without prior written consent of the Banks; provided further that the rights of each Bank to transfer, assign or grant participations in its rights and/or obligations hereunder shall be limited as set forth in this Section 10.03, provided however that nothing herein shall prevent or prohibit any Bank from (i) pledging its Loans hereunder to a Federal Reserve Bank in support of borrowings made by such Bank from such Federal Reserve Bank, or (ii) granting assignments or participation in such Bank's Loans and/or Commitments hereunder to its parent company and/or to any affiliate of such Bank which is at least 50% owned by such Bank or its parent company.

(b) Assignments. Each Bank may with the prior written consent of the Borrower and the Administrative Agent, which consent shall not be unreasonably withheld or delayed, assign all or a portion of its rights and obligations hereunder pursuant to an assignment agreement (an "Assignment") substantially in the form of Schedule 10.03(b) to one or more Eligible Assignees, provided that (i) any such prospective assignment shall first be offered to the other Banks on the same terms and conditions as are available to the prospective assignee, (ii) so long as no Event of Default shall then exist and be continuing, after a period of 15 days from first offering such assignment interest to the Banks as provided in the foregoing subsection (i) hereof, the assigning Bank shall give notice to the Borrower of any such prospective assignment and the Borrower may, at its own expense with the assistance of the Administrative Agent, within a period of 30 days thereafter, make arrangements for another bank or financial institution reasonably acceptable to the Administrative Agent to purchase and accept such assignment interest (at par without payment of any fee, other than the $1,500 transfer fee to the Administrative Agent described below, on account thereof), (iii) any such assignment shall be in a minimum aggregate amount of $10,000,000 of the Commitments and in integral multiples of $1,000,000 above such amount, and (iv) each such assignment shall be of a constant not varying the percentage of all of the assigning Bank's rights and obligations under this Credit Agreement. The Administrative Agent shall maintain a copy of

each Assignment and the names and addresses of the Banks, and the Commitment of, and principal amount of the Loans owing to, each Bank pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive in the absence of manifest error and the Credit Parties, the Agents and the Banks may treat each person whose name is recorded in the Register pursuant to the terms hereof as a Bank hereunder for all purposes of this Agreement. The Register shall be available for inspection by the Borrower and any Bank, at any reasonable time and from time to time upon reasonable prior notice. Any such assignment hereunder shall be effective upon (i) the written consent of the Borrower and the Administrative Agent, (ii) delivery to the Administrative Agent of a copy of the Assignment together with a transfer fee of $1,500 payable by the assigning Bank to the Administrative Agent for its own account and (iii) the Administrative Agent's recordation of the name of the assignee in the Register. The assigning Bank will give prompt notice to the Administrative Agent and the Borrower of any Assignment. Upon the effectiveness of any such assignment (and

after notice to the Borrower as provided herein), the assignee shall become a "Bank" for all purposes of this Credit Agreement and the other Credit Documents and, to the extent of such assignment, the assigning Bank shall be relieved of its obligations hereunder to the extent of the Loans and Commitment components being assigned. Along such lines the Borrower agrees that upon notice of any such assignment and surrender of the appropriate Note or Notes, it will promptly provide to the assigning Bank and to the assignee separate promissory notes in the amount of their respective interests substantially in the form of the original Note (but with notation thereon that it is given in substitution for and replacement of the original Note or any replacement notes thereof). All surrendered Notes shall be canceled and returned to the Borrower.

(c) Participations. Each Bank may sell, transfer, grant or assign participations in all or any part of such Bank's interests and obligations hereunder; provided that (i) such selling Bank shall remain a "Bank" for all purposes under this Credit Agreement (such selling Bank's obligations under the Credit Documents remaining unchanged) and the participant shall not constitute a Bank hereunder, (ii) no such participant shall have, or be granted, rights to approve any amendment or waiver relating to this Credit Agreement or the other Credit Documents except to the extent any such amendment or waiver would (A) reduce the principal of or rate of interest on or fees in respect of any Loans in which the participant is participating, (B) postpone the date fixed for any payment of principal (including extension of the Termination Date or the date of any mandatory prepayment), interest or fees in which the participant is participating, or (C) release all or substantially all of the collateral or guaranties (except as expressly provided in the Credit Documents) supporting any of the Loans or Commitments in which the participant is participating, (iii) sub-participations by the participant (except to an affiliate, parent company or affiliate

of a parent company of the participant) shall be prohibited and (iv) any such participations shall be in a minimum aggregate amount of $5,000,000 of the Commitments and in integral multiples of $1,000,000 in excess thereof. In the case of any such participation, the participant shall not have any rights under this Credit Agreement or the other Credit Documents (the participant's rights against the selling Bank in respect of such participation to be those set forth in the participation agreement with such Bank creating such participation) and all amounts payable by the Borrower hereunder shall be determined as if such Bank had not sold such participation.

10.04 No Waiver; Remedies Cumulative. No failure or delay on the part of the Administrative Agent or any Bank in exercising any right, power or privilege hereunder or under any other Credit Document and no course of dealing between the Borrower or any Guarantor and the Administrative Agent or any Bank shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder or under any other Credit Document preclude any other or further exercise thereof or the exercise of any other right, power or privilege hereunder or thereunder. The rights and remedies provided herein are cumulative and not exclusive of any rights or remedies which the Administrative Agent or any Bank would otherwise have. No notice to or demand on the Borrower in any case shall entitle the Borrower or any Guarantor to any other or further notice or demand in similar or other circumstances or constitute a waiver of the rights of the Administrative Agent or the Banks to any other or further action in any circumstances without notice or demand.

10.05 Payment of Expenses, etc. The Borrower agrees to: (i) pay all reasonable out-of-pocket costs and expenses of the Administrative Agent in connection with the negotiation, preparation, execution and delivery and administration of this Credit Agreement and the other Credit Documents and the documents and instruments referred to therein (including, without limitation, the reasonable fees and expenses of Moore & Van Allen, special counsel to the Administrative Agent) and any amendment, waiver or consent

relating hereto and thereto including, but not limited to, any such amendments, waivers or consents resulting from or related to any work-out, renegotiation or restructure relating to the performance by the Borrower under this Credit Agreement and of the Administrative Agent and the Banks in connection with enforcement of the Credit Documents and the documents and instruments referred to therein (including, without limitation, in connection with any such enforcement, the reasonable fees and disbursements of counsel for the Administrative Agent and each of the Banks, including in-house counsel); (ii) pay and hold each of the Banks harmless from and against any and all present and future stamp and other similar taxes with respect to the foregoing matters and save each of the Banks harmless from and against any and all liabilities with respect to or resulting from any delay or omission (other than to the extent attributable to such Bank) to pay such taxes; and (iii) indemnify each Bank, its officers, directors, employees, representatives and agents from and hold each of them harmless against any and all losses, liabilities, claims, damages or expenses incurred by any of them as a result of, or arising out of, or in any way related to, or by reason of, any investigation, litigation or other proceeding (whether or not any Bank is a party thereto) related to the

entering into and/or performance of any Credit Document or the use of proceeds of any Loans (including other extensions of credit) hereunder or the consummation of any other transactions contemplated in any Credit Document, including, without limitation, the reasonable fees and disbursements of counsel incurred in connection with any such investigation, litigation or other proceeding (but excluding (i) any costs or expenses associated with the transfer of a participation interest under Section 10.03(a)(ii) or 10.03(c), and (ii) any such losses, liabilities, claims, damages or expenses to the extent incurred by reason of gross negligence or willful misconduct on the part of the Person to be indemnified).

10.06 Amendments, Waivers and Consents. Neither this Credit Agreement nor any other Credit Document nor any of the terms hereof or thereof may be amended, changed, waived, discharged or terminated unless such amendment, change, waiver, discharge or termination is in writing signed by the Required Banks, provided that no such amendment, change, waiver, discharge or termination shall, without the consent of each Bank, (i) extend the scheduled maturities (including the final maturity and any mandatory prepayments) of any Loan, or any portion thereof, or reduce the rate or extend the time of payment of interest (other than as a result of waiving the applicability of any post-default increase in interest rates) thereon or fees hereunder or reduce the principal amount thereof, or increase the Commitments of the Banks over the amount thereof in effect (it being understood and agreed that a waiver of any Default or Event of Default or of a mandatory reduction in the total commitments shall not constitute a change in the terms of any Commitment of any Bank), (ii) release any Guarantor from its guaranty obligations hereunder, (iii) amend, modify or waive any provision of this Section or Section 2.13, 2.14, 2.15, 2.16, 2.19, 8.01(a), 9.07, 10.02, 10.03 and the provisions of Section 2.12(b) relating to a mandatory reduction in Commitments on account of a public issuance of indebtedness, (iv) reduce any percentage specified in, or otherwise modify, the definition of Required Banks or (v) consent to the assignment or transfer by the Borrower (or Guarantor) of any of its rights and obligations under (or in respect of) this Credit Agreement. No provision of Section 9 may be amended without the consent of the Administrative Agent.

10.07 Counterparts. This Credit Agreement may be executed in any number of counterparts, each of which where so executed and delivered shall be an original, but all of which shall constitute one and the same instrument. It shall not be necessary in making proof of this Credit Agreement to produce or account for more than one such counterpart.

10.08 Headings. The headings of the sections and subsections hereof are provided for convenience only and shall not in any way affect the meaning or construction of any provision of this Credit Agreement.

10.09 Survival of Indemnification. All indemnities set forth herein, including, without limitation, in Sections 2.13, 2.15 or 10.05 shall survive the execution and delivery of this Credit Agreement, and the making

of the Loans, the repayment of the Loans and other obligations and the termination of the Commitment hereunder.

10.10 Governing Law; Submission to Jurisdiction; Venue.

(a) THIS CREDIT AGREEMENT AND THE OTHER CREDIT DOCUMENTS AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER AND THEREUNDER SHALL BE GOVERNED BY AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH THE LAWS OF THE COMMONWEALTH OF VIRGINIA. Any legal action or proceeding with respect to this Credit Agreement or any other Credit Document may be brought in the courts of the Commonwealth of Virginia in City of Richmond, or of the United States for the Eastern District of Virginia, and, by execution and delivery of this Credit Agreement, each of the Credit Parties hereby irrevocably accepts for itself and in respect of its property, generally and unconditionally, the jurisdiction of such courts. Each of the Credit Parties further irrevocably consents to the service of process out of any of the aforementioned courts in any such action or proceeding by the mailing of copies thereof by registered or certified mail, postage prepaid, to it at the address set out for notices pursuant to Section 10.01, such service to become effective 30 days after such mailing. Nothing herein shall affect the right of the Agent to serve process in any other manner permitted by law or to commence legal proceedings or to otherwise proceed against the Borrower in any other jurisdiction.

(b) Each of the Credit Parties hereby irrevocably waives any objection which it may now or hereafter have to the laying of venue of any of the aforesaid actions or proceedings arising out of or in connection with this Credit Agreement or any other Credit Document brought in the courts referred to in subsection (a) hereof and hereby further irrevocably waives and agrees not to plead or claim in any such court that any such action or proceeding brought in any such court has been brought in an inconvenient forum.

(c) EACH OF THE AGENTS, EACH OF THE BANKS AND EACH OF THE CREDIT PARTIES HEREBY IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS CREDIT AGREEMENT, ANY OF THE OTHER CREDIT DOCUMENTS OR THE TRANSACTIONS CONTEMPLATED HEREBY.

10.11 Severability. If any provision of any of the Credit Documents is determined to be illegal, invalid or unenforceable, such provision shall be fully severable and the remaining provisions shall remain in full force and effect and shall be construed without giving effect to the illegal, invalid or unenforceable provisions.

10.12 Entirety. This Credit Agreement together with the other Credit Documents represent the entire agreement of the parties hereto and thereto, and supersede all prior agreements and understandings, oral or written, if any, including any commitment letters or correspondence relating to the Credit Documents or the transactions contemplated herein and therein.

10.13 Survival of Representations and Warranties. All representations and warranties made by the Borrower herein shall survive delivery of the Notes and the making of the Loans hereunder.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, each of the parties hereto has caused a counterpart of this Credit Agreement to be duly executed and delivered as of the date first above written.

BORROWER:

O&M HOLDING, INC.,
a Virginia corporation
(to be renamed Owens & Minor, Inc. after the
Initial Funding Date)

By_____

Title_____

GUARANTORS:

OWENS & MINOR, INC.
a Virginia corporation
(to be renamed Owens & Minor Medical, Inc. after the
Initial Funding Date)

By_____

Title_____

NATIONAL MEDICAL SUPPLY CORPORATION
a Delaware corporation

By_____

Title_____

OWENS & MINOR WEST, INC.
a California corporation

By_____

Title_____

KOLEY'S MEDICAL SUPPLY, INC.
a Nebraska corporation

By_____

Title_____

LYONS PHYSICIAN SUPPLY COMPANY
an Ohio corporation

By_____

Title_____

A. KUHLMAN & COMPANY
a Michigan corporation

By_____

Title_____

STUART MEDICAL, INC.
a Pennsylvania corporation

By_____

Title_____

BANKS:

NATIONSBANK OF NORTH CAROLINA, N.A.,
individually in its capacity as a
Bank and in its capacity as Agent and
Administrative Agent

By_____
Robert Y. Bennett,
Vice President

CHEMICAL BANK,
individually in its capacity as a
Bank and in its capacity as a Co-Agent

By_____

Title_____

CRESTAR BANK,
individually in its capacity as a
Bank and in its capacity as a Co-Agent

By_____

Title_____

BANK OF AMERICA NT & SA

By_____

Title_____

THE BANK OF NOVA SCOTIA

By_____

Title_____

FIRST UNION NATIONAL BANK OF VIRGINIA

By_____

Title_____

PNC BANK, NATIONAL ASSOCIATION

By_____

Title_____

BANK OF MONTREAL

By_____

Title_____

THE BANK OF NEW YORK

By_____

Title_____

MELLON BANK, N.A.

By_____

Title_____

NATIONAL WESTMINSTER BANK USA

By_____

Title_____

NBD BANK, N.A.

By_____

Title_____

THE SANWA BANK LTD.

By_____

Title_____

SHAWMUT BANK CONNECTICUT N.A.

By_____

Title_____

SIGNET BANK/VIRGINIA

By_____

Title_____

WACHOVIA BANK OF NORTH CAROLINA, N.A.

By_____

Title_____

Exhibit 4 (e)

FIRST AMENDMENT TO CREDIT AGREEMENT

THIS FIRST AMENDMENT (the "First Amendment") dated as of February 28, 1995 is to that Credit Agreement dated as of April 29, 1994 (as amended and modified hereby and as further amended and modified from time to time hereafter, the "Credit Agreement"; terms used but not otherwise defined herein shall have the meanings assigned in the Credit Agreement), by and among OWENS & MINOR, INC., a Virginia corporation (formerly known as O & M Holding, Inc.) (the "Borrower"), CERTAIN OF ITS SUBSIDIARIES identified as a "Guarantor" in the definition thereof and on the signature pages hereof (hereinafter sometimes referred to individually as a "Guarantor" and collectively as the "Guarantors"), the various banks and lending institutions identified on the signature pages hereto (each a "Bank" and collectively, the "Banks"), NATIONSBANK, N.A. (CAROLINAS) (formerly known as NationsBank of North Carolina, N.A.) as agent (in such capacity, the "Agent"), CHEMICAL BANK and CRESTAR BANK as co-agents (in such capacity, the "Co-Agents") and NATIONSBANK, N.A. (CAROLINAS) (formerly known as NationsBank of North Carolina, N.A.) as administrative agent for the Banks (in such capacity, the "Administrative Agent").

W I T N E S S E T H

WHEREAS, the Banks have, pursuant to the terms of the Credit Agreement, made available to the Borrower a $350,000,000 credit facility; and

WHEREAS, the Borrower has requested an increase in the size of the credit facility to $425,000,000; and

WHEREAS, the Banks have agreed to an increase in the credit facility on the terms and conditions hereinafter set forth;

NOW, THEREFORE, IN CONSIDERATION of the premises and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

A. By execution of this First Amendment, the Borrower, the Guarantors, the Banks and the Agents hereby agree as follows:

(i) As to Committed Revolving Loans which are Base Rate Loans ("Existing Floating Rate Loans") outstanding on the date this First Amendment shall be effective pursuant to Section D of this First Amendment (the "Effective Date"), the Revolving Committed Amounts of the Banks shall be adjusted as of the Effective Date based on the reallocation provided in Section B(1) hereof. On the Effective Date, each Bank whose relative share of the Revolving Committed Amount (the "Revolving Commitment Percentage") shall increase based on Schedule 2.01(a) as revised, shall increase the amount of its Committed Revolving Loans outstanding to the Borrower by paying to the Administrative Agent an amount equal to the increase in such Bank's Revolving Commitment Percentage multiplied by the Existing Floating Rate Loans, and the Administrative Agent shall in turn pay to each of the Banks whose Revolving Commitment Percentages shall decrease an amount equal to the decrease in such Reducing Bank's Revolving Commitment Percentage multiplied by the Existing Floating Rate Loans for application to the outstanding principal balance of such Loans.

(ii) As to Committed Revolving Loans which are Eurodollar Loans outstanding on the Effective Date ("Existing Fixed Rate Loans"), each Bank's interest in such Existing Fixed Rate Loans and the Revolving Commitment Percentage for each Bank in such Existing Fixed Rate Loans shall remain as in effect immediately prior to the Effective Date until the end of the applicable Interest Periods relating thereto. At the maturity of each Interest Period for Existing Fixed Rate Loans, the Reducing Banks shall be paid an amount equal to the decrease in such Reducing Bank's Revolving Commitment Percentage multiplied by the Eurodollar Loans maturing on such date for application to the outstanding principal balance of such Loans, from the amounts paid on

the Committed Revolving Loans by the Borrower or with the proceeds of New Loans (as hereafter defined).

(iii) As to Loans made on or after the Effective Date (including extensions and conversions of Existing Fixed Rate Loans at the end of an Interest Period, hereafter "New Loans"), the Revolving Commitment Percentages of the Banks shall be as provided in Schedule 2.01(a) as reallocated and amended as provided in Section B(1) hereof.

(iv) Notwithstanding anything contained herein to the contrary, no Bank shall be obligated to make Loans in an aggregate amount at any time outstanding in excess of its Revolving Committed Amount, as reallocated and amended pursuant to Section B(1) hereof.

(v) The Borrower shall not be liable for any amounts under Section 2.15 of the Credit Agreement as a result of the increase in the size of the credit facility under the Credit Agreement or the reallocation of Commitments in respect thereof as contemplated by this First Amendment.

B. The Credit Agreement is amended in the following respects:

1. In connection with the increase in the size of the credit facility made available under the Credit Agreement, the Revolving Committed Amounts of the respective Banks have been reallocated among the Banks to be as provided in Schedule 2.01(a) attached hereto. Schedule 2.01(a) of the Credit Agreement is hereby amended and modified to read as provided in Schedule 2.01(a) attached hereto.

2. The definition of "Credit Agreement" as used in the Credit Documents shall mean the Credit Agreement as amended by this First Amendment and as further amended, modified, extended, renewed or replaced from time to time.

3. The following definitions in Section 1.01 are amended and modified to read as follows:

"Consolidated Fixed Charges" means, for the applicable period ending as of a Determination Date, the sum of (i) all Interest Expense on all Indebtedness during such period, (ii) all Rentals (other than Rentals on Capitalized Leases to the extent such Rentals are included in Interest Expense or as a current maturity of a Capitalized Lease under subsection (iii) hereof) payable during such period, (iii) current maturities of Funded Debt and current maturities of Capitalized Leases as of such Determination Date, and (iv) all dividends paid in cash or property and redemptions made of capital stock (other than dividends paid to, or redemptions of capital stock owned by, the Borrower or a wholly-owned Restricted Subsidiary) during such period, in each case for the Borrower and its Restricted Subsidiaries on a consolidated basis determined in accordance with generally accepted accounting principles; but excluding, for purposes hereof:

(a) amounts owing under the 9.10% Convertible Subordinated Note due May 31, 1996 in the principal amount of $3,332,912 made by the Borrower payable to Hygeia Limited, in an amount not to exceed $3,500,000; and

(b) Rentals related to leases of certain medical supply equipment manufactured by Omnicell and Pyxis or other manufacturers of similar equipment, in an aggregate annual amount not to exceed $5,000,000.

"Consolidated Net Income" means, for the applicable period ending as of a Determination Date, the net income of the Borrower and its Restricted Subsidiaries for such period, determined on a consolidated basis in accordance with generally accepted accounting principles, but excluding for purposes of determining compliance with the Fixed Charge Coverage Ratio in Section 6.11(e) hereof:

(a) any extraordinary gains or losses on the sale or other disposition of assets, and any taxes on such excluded gains and any tax deductions or credits on

account of any such excluded losses;

(b) restructuring costs taken in fiscal year 1994 associated with the acquisition of Stuart Medical, which shall include those costs associated with the restructuring of corporate administrative functions, including without limitation the closure of certain distribution facilities, employee relocation and termination, and writedown of certain software, in an amount not to exceed $24,000,000 in the aggregate;

(c) the proceeds of any life insurance policy;

(d) net earnings of any business entity (other than a Restricted Subsidiary) in which the Borrower or any Restricted Subsidiary has an ownership interest unless such net earnings shall have actually been received by the Borrower or such Restricted Subsidiary in the form of cash distributions;

(e) any portion of the net earnings of any Restricted Subsidiary which for any reason is unavailable for payment of dividends to the Borrower or any other Restricted Subsidiary; and

(f) one-time restructuring charges taken after December 31, 1994 but before January 1, 1996 in an amount not to exceed $12,000,000 in the aggregate.

"Consolidated Net Income Available for Fixed Charges" means, for the applicable period ending as of a Determination Date, the sum of Consolidated Net Income

plus (to the extent deducted in determining Consolidated Net Income) (i) all provisions for any federal, state or other income taxes, (ii) depreciation, amortization and other non-cash charges, including without limitation any accrual necessary for purposes of conforming with Financial Accounting Standards Board Statement Number 106 (as defined by generally accepted accounting principles) to the extent that the accrued portion thereof constitutes a non-cash charge, (iii) Interest Expense, and (iv) all Rentals (except for Rentals relating to leases of medical supply equipment manufactured by Omnicell and Pyxis and any other manufacturer of similar equipment to the extent such Rentals are excluded from the definition of "Consolidated Fixed Charges", and without duplication for the interest component under the Capitalized Leases to the extent included in Interest Expense),

minus (v) all Capital Expenditures,

for the Borrower and its Restricted Subsidiaries on a consolidated basis determined in accordance with generally accepted accounting principles.

"Consolidated Total Debt" means all Indebtedness of the Borrower and its Restricted Subsidiaries on a consolidated basis determined in accordance with generally accepted accounting principles, but excluding, for purposes hereof, the amount of capital lease obligations attributable to those leases of certain medical supply equipment manufactured by Omnicell and Pyxis and any other manufacturer of similar equipment to the extent Rentals thereunder shall not exceed an aggregate annual amount of $5,000,000.

4. Clause (i) of Section 2.01, defining the "Revolving Committed Amount," is amended and modified to read as follows:

(i) with regard to the Banks collectively, the amount of the Committed Revolving Loans outstanding shall not at any time exceed FOUR HUNDRED TWENTY-FIVE MILLION DOLLARS ($425,000,000) in the aggregate (as such aggregate maximum amount may be reduced from time to time as hereinafter provided, the "Revolving

Committed Amount"), and

5. The reference in Section 2.02(a) to "10:00 A.M." and in Section 2.07(b)(i) to "11:00 A.M.", being the time by which notice must be given in the case of Revolving Loans and Swingline Loans, respectively, is amended and modified in each case to "12:00 Noon".

6. The table in Section 2.05, regarding the Applicable Margin, is amended and modified to read as follows:

Applicable Margin

Ratings	Consolidated Total Debt to Consolidated Total Capitalization Ratio	Eurodollar Loan and Fed Funds Swingline Loan	Base Rate Loan
BB/Ba2	>=55%	1.000%	.25%
BB+/Ba1	<55% but >=50%	.875%	0%
BBB-/Baa3	<50% but >=45%	.750%	0%
BBB/Baa2	<45% but >=40%	.625%	0%
BBB+/Baa1	<40%	.500%	0%

7. Clause (i) of Section 2.08, defining the "Competitive Loan Maximum Amount," is amended and modified to read as follows:

(i) the aggregate amount of Competitive Loans shall not at any time exceed the lesser of FOUR HUNDRED TWENTY-FIVE MILLION DOLLARS ($425,000,000) or the Revolving Committed Amount (the "Competitive Loan Maximum Amount"), and

8. Section 2.11(b), regarding the Commitment Fee, is amended and restated in its entirety to read as follows:

(b) Commitment Fees. In consideration for the Commitments by the Banks hereunder, the Borrower agrees to pay to the Administrative Agent quarterly in arrears on the 15th day following the last day of each of the Borrower's fiscal quarters for the ratable benefit of the Banks a commitment fee (the "Commitment Fee") of (i) one-fourth of one percent (1/4%) per annum, on the first $75,000,000 of the average daily unused amount of the Revolving Committed Amount for such prior quarter, and (ii) one-eighth of one percent (1/8%) per annum, on the remaining average daily unused amount of the Revolving Committed Amount for such prior quarter. This Commitment Fee shall accrue from the Effective Date of the First Amendment to Credit Agreement. For purposes of computation of the Commitment Fee, neither Swingline Loans nor Competitive Loans shall be counted toward or considered usage under the Committed Revolving Loan facility.

9. Section 6.10, regarding the use of proceeds, is amended and restated in its entirety to read as follows:

6.10 Use of Proceeds. The proceeds of the Loans hereunder shall be used for the purpose of (i) financing the acquisition of the capital stock of Stuart Medical, (ii) refinancing approximately $150,000,000 in existing indebtedness of Stuart Medical, (iii) financing costs and expenses incurred in connection with the acquisition of Stuart Medical, (iv) refinancing and replacing the existing credit facility extended to Owens & Minor, Inc. by NationsBank of Virginia, N.A. and Crestar Bank and other existing bank indebtedness, (v) negotiating discounts from trade suppliers in return for quicker trade payments, (vi) general working capital purposes, (vii) capital expenditures and (viii) other general corporate purposes.

10. Section 6.11, regarding financial covenants, is amended and modified to read as follows:

6.11 Financial Covenants.

(a) Consolidated Current Ratio. The Borrower will maintain at all times a Consolidated Current Ratio of at least 1.5 to 1.0.

(b) Consolidated Tangible Net Worth. The Borrower will maintain Consolidated Tangible Net Worth, as determined on each Determination Date, of not less than $50,000,000; provided, however, the minimum Consolidated Tangible Net Worth required hereunder shall be increased on the last day of each of the Borrower's fiscal quarters to occur after January 1, 1995, by an amount equal to 50% of Consolidated Net Income for the fiscal quarter then ended (or if Consolidated Net Income for such period is a deficit figure, then zero).

(c) Consolidated Net Worth. The Borrower will maintain Consolidated Net Worth, as determined on each Determination Date, of not less than $240,000,000; provided, however, the minimum Consolidated Net Worth required hereunder shall be increased on the last day of each of the Borrower's fiscal quarters to occur after January 1, 1995, by an amount equal to 50% of Consolidated Net Income for the fiscal quarter then ended (or if Consolidated Net Income for such period is a deficit figure, then zero).

(d) Leverage Ratio. On each Determination Date the ratio of Consolidated Total Debt to Consolidated Total Capitalization will not exceed:

	Leverage Ratio
From the Closing Date through the First Anniversary Date of the Closing Date	.65 to 1.0
Thereafter through the Third Anniversary Date of the Closing Date	.60 to 1.0
Thereafter	.55 to 1.0

(e) Fixed Charge Coverage Ratio. As of each Determination Date for the Applicable Period set forth below, the Fixed Charge Coverage Ratio will not be less than:

	Fixed Charge Coverage Ratio
From the Closing Date through the fiscal quarter ending on December 31, 1994	1.5 to 1.0
From the fiscal quarter ending on March 31, 1995 through and including the fiscal quarter ending on March 31, 1997	1.3 to 1.0
From the fiscal quarter ending on June 30, 1997 and thereafter	1.5 to 1.0

The Applicable Period for which the Fixed Charge Coverage Ratio shall be determined shall be as follows:

Determination Date	Duration of Applicable Period ending as of Determination Date*
End of Fourth Quarter 1994	Three Quarters
End of First Quarter 1995 and thereafter	Four Quarters

* Components of the Fixed Charge Coverage Ratio shall be determined for the Applicable Period ending as of the Determination Date, except that determination of current maturities of Funded Debt and current maturities of Capitalized

Leases under subsection (iii) of the definition of Consolidated Fixed Charges shall be for the duration shown for the Applicable Period above as of the Determination Date.

11. Section 7.01(h) is amended and restated to read as follows:

(h) Obligations under or arising in connection with Interest Rate Protection Agreements relating to Loans under this Credit Agreement.

12. The address for the Agent, the Administrative Agent or the Swingline Lender, as referenced in Section 10.01 is amended to read as follows:

NationsBank, N.A. (Carolinas)
101 N. Tryon Street
Independence Center, 15th Floor
NC1-001-15-04
Charlotte, North Carolina 28255
Attn: Iris Boger

Agency Services
Telephone: (704) 386-9372
Telecopy: (704) 386-9923

With a copy to:

NationsBank, N.A. (Carolinas)
1111 East Main Street
Fourth Floor Pavilion
VA2-310-04-07
Richmond, Virginia 23219-2321
Attn: Robert Y. Bennett
Senior Vice President
Telephone: (804) 788-3631
Telecopy: (804) 788-3669

13. The Committed Revolving Notes shall be amended, restated and substituted in the form attached as Schedule 2.06, such amended, restated and substituted Committed Revolving Notes thereupon being considered as the "Committed Revolving Notes" for all purposes under the Credit Agreement. The Competitive Loan Notes shall be amended, restated and substituted in the form attached as 2.08(h), such amended, restated and substituted Competitive Loan Notes thereupon being considered as the "Competitive Loan Notes" for all purposes under the Credit Agreement.

C. The Borrower hereby represents and warrants that:

(i) any and all representations and warranties made by the Borrower and contained in the Credit Agreement (other than those which expressly relate to a prior period) are true and correct in all material respects as of the date of this First Amendment; and

(ii) No Default or Event of Default currently exists and is continuing under the Credit Agreement as of the date of this First Amendment.

D. This First Amendment shall not be effective until receipt by the Administrative Agent of the following in form and substance satisfactory to the Banks:

1. Executed Documents. Executed copies of this First Amendment, Amended, Restated and Substituted Committed Revolving Notes, Amended, Restated and Substituted Competitive Loan Notes, and related documentation.

2. Legal Opinions. Legal opinions of Drew St.J. Carneal, Esq., Senior Vice President and Corporate Counsel of the Borrower, and Hunton & Williams, special counsel to the Borrower and the Guarantors, addressed to the Administrative Agent and the Banks in form acceptable to the Administrative Agent and the Required Banks.

3. Corporate Documents.

(i) Articles of Incorporation. Copies of the articles of incorporation or charter documents of the Borrower and the Guarantors certified to be true and complete as of a recent date by the appropriate governmental authority of the state of its incorporation.

(ii) Resolutions. Copies of resolutions of the Board of Directors of the Borrower and the Guarantors approving and adopting this First Amendment, the Amended, Restated and Substituted Committed Revolving Notes, and the Amended, Restated and Substituted Competitive Loan Notes, the transactions contemplated therein and authorizing execution and delivery thereof, certified by a secretary or assistant secretary as of the Closing Date to be true and correct and in force and effect as of such date and containing therein certification of the incumbency and specimen signatures of the officers of the Credit Parties executing the First Amendment, the Amended, Restated and Substituted Committed Revolving Notes, and the Amended, Restated and Substituted Competitive Loan Notes.

(iii) Bylaws. A copy of the bylaws of the Borrower and the Guarantors certified by a secretary or assistant secretary as of the date hereof to be true and correct and in force and effect as of such date.

(iv) Good Standing. Copies of (i) certificates of good standing, existence or its equivalent with respect to the Borrower and the Guarantors certified as of a recent date by the appropriate governmental authorities of the state of incorporation and each other state in which the failure to so qualify and be in good standing would have a Material Adverse Effect and (ii) a certificate indicating payment of all corporate franchise taxes in such states of incorporation certified as of a recent date by the appropriate governmental taxing authorities, to the extent generally available from such authorities.

4. Other Information. Such other information and documents as the Administrative Agent may reasonably request.

E. The Borrower will execute such additional documents as are reasonably requested by the Administrative Agent to reflect the terms and conditions of this First Amendment.

F. Except as modified hereby, all of the terms and provisions of the Credit Agreement (and Schedules) remain in full force and effect.

G. The Borrower agrees to pay all reasonable costs and expenses in connection with the preparation, execution and delivery of this First Amendment, including without limitation the reasonable fees and expenses of Moore & Van Allen, special counsel to the Administrative Agent.

H. This First Amendment may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed an original and it shall not be necessary in making proof of this First Amendment to produce or account for more than one such counterpart.

I. This First Amendment and the Credit Agreement, as amended hereby, shall be deemed to be contracts made under, and for all purposes shall be construed in accordance with the laws of the Commonwealth of Virginia.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, each of the parties hereto has caused a counterpart of this First Amendment to Credit Agreement to be duly executed under seal and delivered as of the date and year first above written.

BORROWER:

OWENS & MINOR, INC.,
a Virginia corporation
(formerly known as O & M Holding, Inc.)

By_____

Title_____

GUARANTORS:

OWENS & MINOR MEDICAL, INC.
a Virginia corporation
(formerly known as Owens & Minor, Inc.)

By_____

Title_____

NATIONAL MEDICAL SUPPLY CORPORATION
a Delaware corporation

By_____

Title_____

OWENS & MINOR WEST, INC.
a California corporation

By_____

Title_____

KOLEY'S MEDICAL SUPPLY, INC.
a Nebraska corporation

By_____

Title_____

LYONS PHYSICIAN SUPPLY COMPANY
an Ohio corporation

By_____

Title_____

A. KUHLMAN & COMPANY
a Michigan corporation

By_____

Title_____

STUART MEDICAL, INC.
a Pennsylvania corporation

By_____

Title_____

BANKS:

NATIONSBANK, N.A. (CAROLINAS),
individually in its capacity as a
Bank and in its capacity as Agent and
Administrative Agent (formerly known as
NationsBank of North Carolina, N.A.)

By_____
Robert Y. Bennett,
Senior Vice President

CHEMICAL BANK,
individually in its capacity as a
Bank and in its capacity as a Co-Agent

By

Title

CRESTAR BANK,
individually in its capacity as a
Bank and in its capacity as a Co-Agent

By

Title

Signature Pages to
Owens & Minor, Inc. First Amendment

BANK OF AMERICA NT & SA

By

Title

THE BANK OF NOVA SCOTIA

By

Title

FIRST UNION NATIONAL BANK OF VIRGINIA

By

Title

PNC BANK, NATIONAL ASSOCIATION

By

Title

BANK OF MONTREAL

By

Title

THE BANK OF NEW YORK

By

Title

MELLON BANK, N.A.

By

Title

NATWEST BANK N.A. (formerly known as
National Westminster Bank USA)

By

Title

Signature Pages to
Owens & Minor, Inc. First Amendment

NBD BANK

By

Title

THE SANWA BANK LTD.

By

Title

SHAWMUT BANK CONNECTICUT N.A.

By

Title

SIGNET BANK/VIRGINIA

By

Title

WACHOVIA BANK OF NORTH CAROLINA, N.A.

By

Title

Exhibit 10(n)

August 9, 1994 Amendment to
Enhanced Authorized Distribution Agency Agreement
Dated as November 16, 1993

1. The phrase "Capital Equipment" shall be deleted and replaced with "Equipment" in Section 1 (5) and in the first sentence of Section 6(A).

2. Add the following after the first sentence in Section 6(A), "Any additional charges or fees stated as a percentage negotiated or agreed to by a Designated VHA Member or Affiliate shall be calculated as a percent of Cost, exclusive of other Cost plus charges."

3. The following shall be added to Schedule 8: "Credit for prepay shall be a percent of the amount on deposit with ADA, not the amount of the invoice."

4. The following revisions shall be made to Schedule 6:

   (a) The second sentence of the double-asterisked paragraph shall be amended to read: "There is a 6 month grace period on the Electronic Order Entry Requirement; that requirement will be effective July 1, 1994.

   (b) The following shall be added to Schedule 6: "Note: Any additional charges or fees stated as a percentage negotiated or agreed to by a designated VHA member or affiliate shall be calculated as a percent of Cost, exclusive of other Cost plus charges."

5. The following shall be added to Schedule 15: "Note: Any additional charges or fees stated as a percentage negotiated or agreed to by a designated VHA member or affiliate shall be calculated as a percent of Cost, exclusive of other Cost plus charges."

September 15, 1994 Amendment to
Enhanced Authorized Distribution Agency Agreement
Dated as November 16, 1993

Page 17 Section 6 Letter A Annual Price Matrix Slotting

Change: "On or before January 1 of each year after 1994 during the term of this Agreement", to "On or before April 1 of each year after 1994 during the term of this Agreement".

November 15, 1994 Amendment to
Enhanced Authorized Distribution Agency Agreement
Dated as November 16, 1993

Add to the end of the first sentence of Section 3 (F)(2), the following:

", from any vendor which meets industry standards of GMP and has credit worthiness comparable to other

vendors with which the aDA does business where the VHA Members or Affiliates usage will meet the demand levels described in Section 3(F)(3)."

In the first sentence of Section 3 (F)(3), delete "$100..." through the end of the sentence and replace with the following: "$500 per quarter and three transactions per month." Insert in next to last sentence after the words "usage estimate" the following: "in excess of $500 per quarter".

Schedule 9 Return Goods Policy

The follwing shall be added to the Return Goods Policy:

"No hazardous materials will be accepted for return with the exception of shipping errors and defective merchandise. Opened, leaking or damaged containers cannot be returned to the ADA, but should be disposed of in accordance with applicable laws and regulations. To obtain proper credit, contact your ADA Customer Service Representative. Return shipments of hazardous materials must be packed, marked, labeled and shipped in accordance with DOT regulations governing the transportation of hazardous materials.

Exhibit 11

OWENS & MINOR, INC. AND SUBSIDIARIES

Calculation Of Net Income Per Common Share

(In thousands, except per share amounts)

	Year ended December 31		
	1994	1993	1992
Income from continuing operations	$ 7,919	$18,517	$15,435
Discontinued operations:			
Income from discontinued operations, net of taxes	-	-	77
Gain on disposals, net of other provisions and taxes	-	911	5,610
Cumulative effect of change in accounting principles	-	706	(730)
Net income	7,919	20,134	20,392
Dividends on preferred stock	3,309	-	-
Net income attributable to common shares	$ 4,610	$20,134	$20,392
Weighted average common shares and common share equivalents*:			
Common shares outstanding	30,764	30,428	29,394
Common share equivalents-dilutive stock options	344	585	288
Weighted average common shares and common share equivalents	31,108	31,013	29,682
Net income per common share:			
Continuing operations	$ .15	$ .60	$ .52
Discontinued operations	-	.03	.20
Cumulative effect of change in accounting principles	-	.02	(.03)
Net income per common share	$ .15	$ .65	$ .69

* A 3-for-2 stock split was distributed on June 8, 1994 to shareholders of record as of May 24, 1994. All applicable share and per share information has been restated to reflect this transaction.

SELECTED FINANCIAL DATA(2) (IN THOUSANDS, EXCEPT RATIOS AND PER SHARE DATA)
OWENS & MINOR, INC. AND SUBSIDIARIES

Year ended December 31,	1994	1993	1992
INCOME STATEMENT DATA:			
Continuing operations:			
Net sales	$ 2,395,803	$ 1,396,971	$1,177,298
Cost of sales	2,163,459	1,249,660	1,052,998
Gross margin	232,344	147,311	124,300
Selling, general and administrative expenses	163,621	106,362	90,027
Depreciation and amortization	13,034	7,593	5,861
Interest expense, net	12,098	2,939	2,472
Nonrecurring restructuring expenses (1)	29,594	-	-
Total expenses	218,347	116,894	98,360
Income before income taxes	13,997	30,417	25,940
Provision for income taxes	6,078	11,900	10,505
Income from continuing operations	7,919	18,517	15,435
Discontinued operations:			
Income from discontinued operations, net of taxes	-	-	77
Gain on disposals, net of other provisions and taxes	-	911	5,610
Cumulative effect of change in accounting principles	-	706	(730)
Net income	7,919	20,134	20,392
Dividends on preferred stock	3,309	-	-
Net income attributable to common stock	$ 4,610	$ 20,134	$ 20,392
COMMON SHARE DATA:			
Net income per common share:			
Continuing operations	$ .15	$ .60	$ .52
Discontinued operations	-	.03	.20
Cumulative effect of change in accounting principles	-	.02	(.03)
Net income per common share	$ .15	$ .65	$ .69
Cash dividends per common share	$ .170	$ .140	$ .110
Weighted average common shares and common share equivalents	31,108	31,013	29,682
Price range of common stock per share:			
High	$ 18.13	$ 15.59	$ 10.11
Low	$ 13.25	$ 8.42	$ 7.33
SELECTED RATIOS:			
Gross margin as a percent of net sales*	9.7%	10.5%	10.6%
Selling, general and administrative expenses as a percent of net sales*	6.8%	7.6%	7.7%
Average receivable days sales outstanding*	35.9	34.2	35.7
Average inventory turnover*	8.8	11.5	11.4
Return on average total equity*	3.7%	14.6%	14.4%
Current ratio	1.8	2.0	1.8
BALANCE SHEET DATA:			
Working capital	$ 281,788	$ 139,091	$ 99,826
Total assets	868,560	334,322	274,540
Long-term debt	248,427	50,768	24,986
Capitalization ratio	49.2%	27.1%	17.6%
Shareholders' equity	256,176	136,943	116,659
Shareholders' equity per common share outstanding	$ 4.59	$ 4.50	$ 3.97

* CONTINUING OPERATIONS ONLY.

(1) THE COMPANY INCURRED $17.9 MILLION (NET OF $11.7 MILLION TAX BENEFIT) OR $.57 PER COMMON SHARE OF NONRECURRING RESTRUCTURING EXPENSES RELATED TO ITS RESTRUCTURING PLAN DEVELOPED IN CONJUNCTION WITH ITS COMBINATION WITH STUART MEDICAL, INC. SEE FURTHER DISCUSSION IN NOTE 3 OF NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.

(2) SEE NOTE 2 OF NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR A DISCUSSION OF ACQUISITIONS AND DIVESTITURES THAT MAY AFFECT COMPARABILITY OF DATA.

	1991	1990	1989	1988
INCOME STATEMENT DATA:				
Continuing operations:				
Net sales	$1,021,014	$ 916,709	$ 708,089	$500,435
Cost of sales	918,304	827,441	641,011	445,456
Gross margin	102,710	89,268	67,078	54,979
Selling, general and administrative expenses	77,082	67,171	57,943	42,668
Depreciation and amortization	4,977	4,210	2,795	2,416
Interest expense, net	4,301	5,858	5,078	2,230
Nonrecurring restructuring expenses (1)	-	-	-	-
Total expenses	86,360	77,239	65,816	47,314
Income before income taxes	16,350	12,029	1,262	7,665
Provision for income taxes	6,681	4,634	628	3,032
Income from continuing operations	9,669	7,395	634	4,633
Discontinued operations:				
Income from discontinued operations, net of taxes	2,358	1,380	1,855	3,734
Gain on disposals, net of other provisions and taxes	-	-	-	-
Cumulative effect of change in accounting principles	-	-	-	-
Net income	12,027	8,775	2,489	8,367
Dividends on preferred stock	-	-	-	-
Net income attributable to common stock	$ 12,027	$ 8,775	$ 2,489	$ 8,367

COMMON SHARE DATA:				
Net income per common share:				
Continuing operations	$ .33	$ .26	$ .02	$ .16
Discontinued operations	.08	.05	.07	.13
Cumulative effect of change in accounting principles	-	-	-	-
Net income per common share	$ .41	$ .31	$ .09	$ .29
Cash dividends per common share	$ .088	$ .077	$ .077	$ .075
Weighted average common shares and common share equivalents	29,462	28,755	28,412	28,263
Price range of common stock per share:				
High	$ 10.78	$ 4.45	$ 4.71	$ 4.52
Low	$ 4.17	$ 3.19	$ 3.37	$ 2.62
SELECTED RATIOS:				
Gross margin as a percent of net sales*	10.1%	9.7%	9.5%	11.0%
Selling, general and administrative expenses as a percent of net sales*	7.6%	7.3%	8.2%	8.5%
Average receivable days sales outstanding*	38.1	39.2	41.4	41.0
Average inventory turnover*	11.1	10.8	8.5	7.6
Return on average total equity*	10.6%	9.1%	.8%	6.3%
Current ratio	1.9	1.9	2.4	2.7
BALANCE SHEET DATA:	$ 122,675	$ 117,983	$ 133,309	$106,545
Working capital	311,786	290,233	258,683	189,916
Total assets				
Long-term debt	67,675	71,339	85,324	46,819
Capitalization ratio	41.1%	45.6%	52.4%	37.8%
Shareholders' equity	97,091	85,002	77,560	77,170
Shareholders' equity per common share outstanding	$ 3.34	$ 2.99	$ 2.75	$ 2.75

	1987	1986	1985	1984
INCOME STATEMENT DATA:				
Continuing operations:				
Net sales	$ 367,034	$ 272,222	$ 199,294	$170,777
Cost of sales	326,651	239,170	171,099	145,990
Gross margin	40,383	33,052	28,195	24,787
Selling, general and administrative expenses	31,302	26,204	23,196	21,262
Depreciation and amortization	1,922	1,319	1,050	772
Interest expense, net	2,006	1,789	1,303	1,279
Nonrecurring restructuring expenses (1)	-	-	-	-
Total expenses	35,230	29,312	25,549	23,313
Income before income taxes	5,153	3,740	2,646	1,474
Provision for income taxes	2,148	1,806	1,224	652
Income from continuing operations	3,005	1,934	1,422	822
Discontinued operations:				
Income from discontinued operations, net of taxes	3,481	2,968	2,986	2,815
Gain on disposals, net of other provisions and taxes	-	-	-	-
Cumulative effect of change in accounting principles	-	-	-	-
Net income	6,486	4,902	4,408	3,637
Dividends on preferred stock	-	-	-	-
Net income attributable to common stock	$ 6,486	$ 4,902	$ 4,408	$ 3,637
COMMON SHARE DATA:				
Net income per common share:				
Continuing operations	$ .11	$ .07	$ .06	$ .04
Discontinued operations	.12	.11	.12	.15
Cumulative effect of change in accounting principles	-	-	-	-
Net income per common share	$ .23	$ .18	$ .18	$ .19
Cash dividends per common share	$ .065	$ .059	$ .053	$ .047
Weighted average common shares and common share equivalents	28,187	27,702	24,245	19,259
Price range of common stock per share:				
High	$ 4.37	$ 4.00	$ 3.61	$ 2.04
Low	$ 2.32	$ 2.62	$ 1.75	$ 1.48
SELECTED RATIOS:				
Gross margin as a percent of net sales*	11.0%	12.1%	14.1%	14.5%
Selling, general and administrative expenses as a percent of net sales*	8.5%	9.6%	11.6%	12.5%
Average receivable days sales outstanding*	41.0	40.6	45.9	44.0
Average inventory turnover*	8.0	8.3	7.9	7.0
Return on average total equity*	5.4%	5.0%	4.2%	2.7%
Current ratio	2.8	2.7	2.6	3.0
BALANCE SHEET DATA:	$ 89,056	$ 71,317	$ 54,248	$ 44,840
Working capital	154,390	126,779	96,825	74,702
Total assets				
Long-term debt	33,713	42,562	27,546	20,092
Capitalization ratio	32.3%	51.0%	43.4%	38.5%
Shareholders' equity	70,761	40,878	35,914	32,059
Shareholders' equity per common share outstanding	$ 2.52	$ 2.05	$ 1.85	$ 1.69

MANAGEMENT'S DISCUSSION AND ANALYSIS OF OPERATIONS AND FINANCIAL CONDITION

OWENS & MINOR, INC. AND SUBSIDIARIES

RESULTS OF OPERATIONS
1994 COMPARED TO 1993

NET SALES

Net sales increased 71.5% to $2.4 billion in 1994. Assuming the

Stuart Medical, Inc. (Stuart) combination occurred January 1, 1993, the increase was approximately 16.6%. The "same store" sales increase is due primarily to new contracts with large healthcare providers such as Columbia/HCA Healthcare Corp., Premier Health Alliance and the Department of Defense; a new distribution agreement with VHA Inc., the Company's largest contract, which provided incentives to member hospitals to increase purchases from Owens & Minor; and the continued product line expansion by the Company. Sales under the VHA agreement grew to approximately $960 million, or 40% of total net sales, in 1994 from approximately $460 million, or 33% of net sales, in 1993. During the fourth quarter of 1994, VHA expanded its distribution agreement to include Baxter Healthcare Corporation, the Company's single largest competitor. The loss of sales related to this change in the agreement is projected to be offset by the ability of the Company to distribute Baxter products to VHA member hospitals, which was not previously possible.

GROSS MARGIN

Gross margin as a percent of net sales decreased by .8 percentage points to 9.7% in 1994. The decrease is a result of the sales increases from large lower margin contracts. As the healthcare industry consolidates, gross margin as a percent to net sales will continue to be under pressure. However, the Company should continue to be able to offset percentage decreases with sales volume increases, producing an overall increase in gross margin dollars (58% increase in 1994). Additionally, the Company anticipates stabilizing the gross margin percent by offering more value-added services to its customers and working with its manufacturing partners in achieving equitable returns, on the sales it provides these partners.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses decreased to 6.8% of net sales in 1994 from 7.6% in 1993. This decrease was primarily the result of the synergies obtained from the Stuart combination and the sales volume increases from large customers such as VHA, Columbia/HCA Healthcare Corp. and Premier Health Alliance. The Company will be able to reduce this ratio further as conversions to one computer system are completed, a distributed (client/server) environment is implemented and the healthcare industry continues to consolidate. The majority of system conversions are scheduled for completion by the latter part of 1995, the client/server applications and distributed workflow will continue over the next few years and the Company will continue to pursue consolidation opportunities within the distribution segment of the healthcare industry and assist its partners in the consolidation of other segments.

DEPRECIATION AND AMORTIZATION

Depreciation and amortization increased by 71.7%, due primarily to the additional goodwill amortization and depreciation expenses related to the Stuart combination and the depreciation of the Company's continued investment in new and improved technology.

INTEREST EXPENSE, NET

Net interest expense increased $9.2 million to $12.1 million in 1994. The increase is due primarily to the debt increase related to the Stuart combination and the increase in the Company's average interest rate on its variable rate revolving credit facility from 3.8% in 1993 to 5.6% in 1994. The rate increase is due to the overall rate increases in the lending markets. The Company has initiated an interest rate management program to fix the interest rate on a portion of the revolving credit facility.

NONRECURRING RESTRUCTURING EXPENSES

As a result of the Company's combination with Stuart and its related decision to outsource the operation of its mainframe computer system, the Company implemented a restructuring plan. The plan was designed to eliminate duplicate costs within the Company by closing overlapping facilities and redesigning ineffective processes, and to focus internal teammates on implementing client/server technology. During 1994, the Company incurred approximately $29.6 million (pretax) or $.57 per common share (after tax) of nonrecurring expenses related to the plan. These expenses are comprised primarily of duplicate facility costs (approximately $15.2 million), costs associated with redesigning

and implementing operating processes to increase efficiencies within the combined company (approximately $7.1 million) and costs associated with the contracting out of the Company's mainframe computer operations (approximately $7.3 million). The total expenses and timeframe of the plan have expanded from the Company's initial estimates for several reasons. The sales growth combined with the Stuart combination created a need to outsource the operations of the mainframe computer. Efforts were extended to reduce duplicate costs and improveefficiencies in the Company's operating processes. Finally and most importantly, the Company wanted to ensure the effectiveness of the plan. The restructuring plan is anticipated to be completed during 1995 with expected charges to income of approximately $9.0 million in 1995.

INCOME TAXES

The effective tax rate increased by 4.3 percentage points to 43.4% in 1994, due primarily to the non-deductible goodwill arising out of the Stuart combination. A complete reconciliation of the statutory income tax rate to the Company's effective income tax rate is provided in Note 11 of the Notes to Consolidated Financial Statements.

INCOME FROM CONTINUING OPERATIONS

Income decreased by $10.6 million due to the nonrecurring restructuring expenses previously discussed. Without these expenses the Company's income increased by $7.3 million or 39.3% and the Company's income per common share increased to $.72 from $.60 in 1993. The increase is due primarily to the sales growth and administrative synergies the Company has achieved.

RESULTS OF OPERATIONS
1993 COMPARED TO 1992

CONTINUING OPERATIONS:

NET SALES

Net sales from continuing operations increased 18.7% to $1.4 billion in 1993. Same store sales increased 15.0%. The increase is primarily the result of increased account penetration, the development of new partnerships with key customers around the country, market share improvement due to the continuing consolidation in the industry, the sale of new products and lines and the opening or acquisitions of six new distribution centers. Net sales under the VHA contract increased by $72.6 million, or 18.8%, to $459.6 million in 1993.

GROSS MARGIN

Gross margin as a percent of net sales decreased by .1 percentage point to 10.5% in 1993. This decrease is a result of continued margin pressure and a greater percentage of business coming from major national accounts. The margin decrease was offset through aggressive and strategic buying practices, the development of revenue-producing value-added services for our customers and tighter control of price and contract adjustments using electronic data interchange (EDI).

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses decreased to 7.6% of net sales in 1993 from 7.7% in 1992. This decrease was primarily the result of the Company's effort to reduce administrative expenses to offset the margin decrease. The decrease in administrative expense was partially offset with the costs of opening new distribution centers in Birmingham, Detroit, Boston and Seattle. The Company also continued its commitment to quality through investing in training and information system technology development.

INTEREST EXPENSE, NET

Net interest expense increased $.5 million to $2.9 million in 1993. The average interest rate decreased from 8.3% in 1992 to 6.5% in 1993. The increase in interest expense was primarily the result of increased borrowings to finance the new distribution centers discussed above, the acquisitions of Lyons Physician Supply Company in Youngstown, Ohio and A. Kuhlman & Company in Detroit, Michigan and increased inventory from product line expansion.

INCOME TAXES

The effective tax rate decreased by 1.4 percentage points from 40.5% in 1992 to 39.1% in 1993. A reconciliation of the statutory income tax rate to the Company's effective income

tax rate is provided in Note 11 of the Notes to Consolidated Financial Statements.

INCOME FROM CONTINUING OPERATIONS

Income increased by $3.1 million to $18.5 million in 1993. Income per common share increased by $.08 to $.60 per common share in 1993.

DISCONTINUED OPERATIONS

The Company's divestitures of the Wholesale Drug and Specialty Packaging Divisions are discussed in Note 2 of the Notes to Consolidated Financial Statements.

CHANGE IN ACCOUNTING PRINCIPLE

Effective January 1, 1993, the Company adopted Statement of Financial Accounting Standards No. 109, ACCOUNTING FOR INCOME TAXES. The cumulative effect of this change in accounting for income taxes resulted in a benefit of $.7 million in 1993.

FINANCIAL CONDITION

CAPITAL RESOURCES

As part of the Company's growth and commitment to being the low cost distributor of medical/surgical supplies, the Company began in 1994 a major initiative to move from a mainframe computer system to an open dis- tributed (client/server) environment. This initiative will be ongoing over the next several years and will require significant capital investment. The first phase of this project is scheduled for rollout during the second quarter of 1995 and the payback is expected to be realized immediately upon each phase's rollout. The payback should consist of significantly improved asset management and reduced selling, general and administrative expenses.

ASSET MANAGEMENT

During 1994, several factors unfavorably impacted the Company's measurements of asset management. The Stuart combination, and several new customer contracts requiring higher fill rates and expanded product lines, combined to decrease asset turnover from 4.6 in 1993 to 3.7 in 1994, decrease inventory turnover from 11.5 in 1993 to 8.8 in 1994, and increase accounts receivable days outstanding from 34.2 in 1993 to 35.9 in 1994. Although these measurements have declined, the Company continues to be a leader in asset management within the industry. The Company will continue to focus on asset management and, as its new technology is implemented, should improve its measurements.

LIQUIDITY

The Company increased its debt to equity ratio to 49.2% in 1994 from 27.1% in 1993. This increase was caused by its combination with Stuart, its interrelated restructuring plan, a reduction in operating cash flow from Stuart receivables not purchased as part of the combination, a reduction in operating cash flow from increased inventory levels in response to customer requirements and its technology investments. At December 31, 1994, the Company had approximately $115 million of unused credit under its $350 million revolving credit facility. Subsequent to year end, the Company increased its credit facility to $425 million to finance its technology initiatives, its working capital growth and its initiatives to increase gross margin by decreasing payment terms with its manufacturing partners. The Company believes its financing resources more than adequately meet its needs.

CONSOLIDATED STATEMENTS OF INCOME (IN THOUSANDS, EXCEPT PER SHARE DATA)
OWENS & MINOR, INC. AND SUBSIDIARIES

Year ended December 31,	1994	1993	1992
Continuing operations:			
Net sales	$2,395,803	$1,396,971	$1,177,298
Cost of sales	2,163,459	1,249,660	1,052,998
Gross margin	232,344	147,311	124,300
Selling, general and administrative expenses	163,621	106,362	90,027
Depreciation and amortization	13,034	7,593	5,861

Interest expense, net	12,098	2,939	2,472
Nonrecurring restructuring expenses	29,594	-	-
Total expenses	218,347	116,894	98,360
Income before income taxes	13,997	30,417	25,940
Provision for income taxes	6,078	11,900	10,505
Income from continuing operations	7,919	18,517	15,435
Discontinued operations:			
Income from discontinued operations, net of taxes	-	-	77
Gain on disposals, net of other provisions and taxes	-	911	5,610
Cumulative effect of change in accounting principles	-	706	(730)
Net income	7,919	20,134	20,392
Dividends on preferred stock	3,309	-	-
Net income attributable to common stock	$ 4,610	$ 20,134	$ 20,392
Net income per common share:			
Continuing operations	$ .15	$ .60	$ .52
Discontinued operations	-	.03	.20
Cumulative effect of change in accounting principles	-	.02	(.03)
Net income per common share	$ .15	$ .65	$ .69
Cash dividends per common share	$ .17	$ .14	$ .11
Weighted average common shares and common share equivalents	31,108	31,013	29,682

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.

CONSOLIDATED BALANCE SHEETS (IN THOUSANDS, EXCEPT PER SHARE DATA)

OWENS & MINOR, INC. AND SUBSIDIARIES

December 31,	1994	1993
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 513	$ 2,048
Accounts and notes receivable, net of allowance of $ 5,340 in 1994 and $4,678 in 1993	290,240	144,629
Merchandise inventories	323,851	124,848
Other current assets	26,222	10,638
TOTAL CURRENT ASSETS	640,826	282,163
Property and equipment, net	38,620	23,863
Excess of purchase price over net assets acquired, net	175,956	17,316
Other assets	13,158	10,980
TOTAL ASSETS	$868,560	$334,322
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Current maturities of long-term debt	$ 236	$ 1,494
Accounts payable	296,878	120,699
Accrued payroll and related liabilities	11,294	5,768
Other accrued liabilities	50,630	15,111
TOTAL CURRENT LIABILITIES	359,038	143,072
Long-term debt	248,427	50,768
Accrued pension and retirement plan	4,919	3,539
TOTAL LIABILITIES	612,384	197,379
SHAREHOLDERS' EQUITY		
Preferred stock, par value $100 per share; authorized - 10,000 shares		
Series A; Participating Cumulative Preferred Stock; none issued	-	-

Series B; Cumulative Preferred Stock; 4.5%, convertible; issued - 1,150 shares in 1994	115,000	-
Common stock, par value $2 per share; authorized - 200,000 shares; issued - 30,764 shares in 1994 and 20,285 shares in 1993	61,528	40,569
Paid-in capital	1,207	9,258
Retained earnings	78,441	87,116
TOTAL SHAREHOLDERS' EQUITY	256,176	136,943
Commitments and contingencies		
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$868,560	$334,322

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.

CONSOLIDATED STATEMENTS OF CASH FLOWS (IN THOUSANDS)

OWENS & MINOR, INC. AND SUBSIDIARIES

Year ended December 31,	1994	1993	1992
OPERATING ACTIVITIES			
Net income	$ 7,919	$ 20,134	$ 20,392
Noncash charges (credits) to income			
Depreciation and amortization	13,034	7,593	5,861
Provision for losses on accounts and notes receivable	1,149	497	1,351
Provision for LIFO reserve	671	661	1,056
Gain on disposals of business segments, net	-	(911)	(5,610)
Cumulative effect of change in accounting principles	-	(706)	730
Other, net	1,093	897	1,135
Cash provided by net income and noncash charges	23,866	28,165	24,915
Changes in assets and liabilities, net of effects from acquisitions			
Accounts and notes receivable	(144,917)	(23,424)	5
Merchandise inventories	(81,318)	(28,232)	359
Accounts payable	22,375	13,307	(8,885)
Net change in other current assets and current liabilities	25,323	(258)	(10,591)
Other, net	790	431	(2,112)
CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	(153,881)	(10,011)	3,691
INVESTING ACTIVITIES			
Business acquisitions, net of cash acquired	(40,608)	(2,416)	-
Proceeds from disposals of business segments	-	-	50,920
Additions to property and equipment	(6,634)	(6,288)	(4,955)
Other, net	(1,513)	(3,377)	(2,535)
CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES	(48,755)	(12,081)	43,430
FINANCING ACTIVITIES			
Additions to long-term debt	197,088	37,000	-
Reductions of long-term debt	(55,032)	(17,471)	(44,619)
Other short-term financing	65,426	765	6,599
Cash dividends paid	(7,664)	(4,222)	(3,224)
Exercise of options	1,283	1,000	436
CASH PROVIDED BY (USED FOR) FINANCING ACTIVITIES	201,101	17,072	(40,808)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,535)	(5,020)	6,313
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	2,048	7,068	755
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 513	$ 2,048	$ 7,068

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (IN THOUSANDS, EXCEPT RATIOS AND PER SHARE DATA)

OWENS & MINOR, INC. AND SUBSIDIARIES

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of Owens & Minor, Inc. and its wholly owned subsidiaries. All significant intercompany accounts and transactions have been eliminated.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash and marketable securities with an original maturity at the date of purchase of three months or less. The carrying amount of marketable securities approximates fair value because of the short maturity of these instruments.

MERCHANDISE INVENTORIES

Merchandise inventories are valued at the lower of cost or market with the cost of approximately 64% of the Company's inventories determined on a last-in, first-out (LIFO) basis and the remainder on a first-in, first-out (FIFO) basis.

PROPERTY AND EQUIPMENT

Property and equipment are recorded at cost. At inception, capital leases are recorded at the lesser of fair value of the leased property or the discounted present value of the minimum lease payments. The cost of assets sold or retired and the related amounts of accumulated depreciation and amortization have been eliminated from the accounts in the year of sale or retirement and the resulting gain or loss has been reflected in operations. Normal maintenance and repairs are expensed as incurred, and renovations and betterments are capitalized.

Depreciation is computed on the straight-line method over the estimated useful lives of the various assets. Capital leases and leasehold improvements are amortized by the straight-line method over the shorter of their estimated useful lives or the term of the lease. Accelerated methods and lives are used for income tax reporting purposes. Estimated useful lives for financial reporting purposes are:

ASSETS	ESTIMATED USEFUL LIFE
Buildings and improvements	20-40 years
Furniture, fixtures and equipment	3-10 years
Transportation equipment	3-6 years

EXCESS OF PURCHASE PRICE OVER NET ASSETS ACQUIRED

The excess of purchase price over net assets acquired (goodwill) is being amortized on a straight-line basis over 40 years from the dates of acquisition. Based upon management's assessment of future cash flows of acquired businesses, the carrying value of goodwill at December 31, 1994, has not been impaired.

COMPUTER SOFTWARE

Computer software, purchased in connection with major system developments, is capitalized. Additionally, certain software development costs are capitalized when incurred and when technological feasibility has been established. Amortization of all capitalized software costs is computed on a product-by-product basis over the estimated economic life of the product which ranges from three to five years. Computer software costs are included in other assets in the Consolidated Balance Sheets.

PENSION AND RETIREMENT PLANS

Annual costs of the Company's pension and retirement plans are determined actuarially in accordance with Statement of Financial Accounting Standards No. 87, EMPLOYERS' ACCOUNTING FOR PENSIONS.

POSTRETIREMENT BENEFITS OTHER THAN PENSIONS

Annual costs of the Company's postretirement benefits other than pensions are determined actuarially in accordance with Statement of Financial Accounting Standards No. 106, EMPLOYERS' ACCOUNTING FOR POSTRETIREMENT BENEFITS OTHER THAN PENSIONS.

INCOME TAXES

The Company uses the asset and liability method in accounting for income taxes in accordance with Statement of Financial Accounting Standards No. 109, ACCOUNTING FOR INCOME TAXES. Deferred income taxes result primarily from the use of different methods for financial reporting and tax purposes.

NET INCOME PER COMMON SHARE

Net income per common share is computed using the weighted average number of shares of common stock and common stock equivalents outstanding during the year. The convertible preferred stock is considered a common stock equivalent; however, it has been excluded from the number of weighted average shares due to the dilutive effect of the preferred dividend. The assumed conversion of all convertible debentures has not been included in the computation because the resulting dilution is not material.

DERIVATIVE FINANCIAL INSTRUMENTS

The Company enters into interest rate swap and cap agreements to manage interest rate risk of variable debt and not for trading purposes. The differences to be paid or received on the interest rate swaps and the amortization of the cap fees are included in interest expense.

NOTE 2 - BUSINESS ACQUISITIONS AND DIVESTITURES

On May 10, 1994, the Company paid $40,200 and exchanged 1,150 shares of 4.5%, $100 par value, Series B Cumulative Preferred Stock for all the capital stock of Stuart Medical, Inc. (Stuart), a distributor of medical/surgical supplies. The Series B Cumulative Preferred Stock is convertible into approximately 7,000 shares of common stock. The transaction was accounted for as a purchase and, accordingly, the operating results of Stuart have been included in the Company's consolidated operating results since May 1, 1994. The purchase price exceeded the net assets acquired by approximately $159,000 which is being amortized on a straight-line basis over 40 years.

The following unaudited pro forma results of operations for the years ended December 31,1994, and 1993 assume the Stuart combination occurred January 1, 1993. The amounts reflect adjustments, such as increased interest expense on acquisition debt, amortization of the excess of purchase price over net assets acquired, reversal of nonrecurring restructuring expenses and related income tax effects.

Year Ended December 31,	1994	1993
Net sales	$2,718,000	$2,331,000
Net income	$ 28,100	$ 24,200
Net income per common share	$ .74	$ .62

The pro forma results are not necessarily indicative of what actually would have occurred if the combination had been in effect for the entire years presented. In addition, they are not intended to be a projection of future results.

On October 1, 1994, the Company acquired substantially all of the assets of Emery Medical Supply, Inc. (Emery) of Denver, Colorado for cash. The acquisition was accounted for as a purchase with results of Emery included from the acquisition date. Pro forma results of this acquisition, assuming it had been made at the beginning of the year, would not be materially different from the results reported.

On May 28, 1993, the Company issued shares of its common stock for all the outstanding common stock of Lyons Physician Supply Company (Lyons) of Youngstown, Ohio. This merger has been accounted for as a pooling of interests, and the Company's 1993 consolidated financial statements include the activity of Lyons as of January 1, 1993.

On June 25, 1993, the Company acquired all of the outstanding common stock of A. Kuhlman & Co. (Kuhlman) of Detroit, Michigan. The acquisition was accounted for as a purchase with the results of Kuhlman included from the acquisition date. The cost of the acquisition was approximately $2,900 and exceeded the net book value of the tangible assets acquired and liabilities assumed by approximately $1,700. Pro

forma results of this acquisition, assuming it had been made at the beginning of the year, would not be materially different from the results reported.

On February 28, 1992, the Company sold substantially all of the net assets of its Wholesale Drug Division to Bergen Brunswig Corporation. Accordingly, the operations of the Wholesale Drug Division have been classi- fied as discontinued operations for all years presented in the accompanying Consolidated Statements of Income. The proceeds from the sale of approximately $49,552 resulted in a gain of $9,783, net of applicable income tax expense of $6,408, for the year ended December 31, 1992.

On May 29, 1992, the Company sold substantially all of the net assets of Vangard Labs, Inc., completing the disposition of the Specialty Packaging Segment, to Medical Technology Systems, Inc. The proceeds from the sale of approximately $2,000 resulted in a loss of $2,858, net of applicable income tax benefit of $1,257, for the year ended December 31, 1992.

The Company periodically re-evaluates the adequacy of its accruals associated with discontinued operations. In 1993, the Company decreased its loss provision for discontinued operations by $911 based on settlement of established liabilities and changes in prior estimates of expenses. In 1992, the loss provision was increased by $1,315 for such changes in prior estimates.

NOTE 3 - NONRECURRING RESTRUCTURING EXPENSES

During 1994, the Company incurred $29,594 of nonrecurring restructuring expenses in connection with the Company's combination with Stuart and the Company's related decision to contract out the management and operation of its mainframe computer system. These expenses are comprised primarily of duplicate facility costs (approximately $15,200), costs associated with redesigning and implementing operating processes to increase efficiencies within the combined company (approximately $7,100) and costs associated with the contracting out of the Company's mainframe computer operations (approximately $7,300). The nonrecurring expenses include non-cash asset write downs of approximately $3,200 and accrued liabilities of $2,100 at December 31, 1994. The restructuring plan is anticipated to be completed during 1995 with expected charges to income of approximately $9,000 in 1995.

NOTE 4 - MERCHANDISE INVENTORIES

Approximately 64% of the Company's inventories are valued using the last-in, first-out (LIFO) method of inventory valuation. If LIFO inventories had been valued at current costs (FIFO), they would have been greater by the following amounts:

DECEMBER 31, 1994	$18,291
December 31, 1993	$17,620
December 31, 1992	$16,959

NOTE 5 - PROPERTY AND EQUIPMENT

The Company's investment in property and equipment consists of the following:

December 31,	1994	1993
Land and buildings	$13,589	$ 4,617
Furniture, fixtures and equipment	39,566	27,042
Transportation equipment	1,264	1,093
Capitalized leases	835	7,776
Leasehold improvements	6,891	5,898
	62,145	46,426
Less: Accumulated depreciation	22,930	17,304
Less: Accumulated amortization of capitalized leases	595	5,259
Property and equipment, net	$38,620	$23,863

For continuing operations, depreciation expense for property and

equipment for 1994, 1993, and 1992 was $8,417, $6,368 and $5,129, respectively.

NOTE 6 - ACCOUNTS PAYABLE

The Company's accounts payable consists of the following:

December 31,	1994	1993
Trade accounts payable	$209,849	$ 99,096
Drafts payable	87,029	21,603
Total accounts payable	$296,878	$120,699

NOTE 7 - LONG-TERM DEBT

The Company's long-term debt consists of the following:

December 31,	1994	1993
Revolving credit notes	$235,300	$ 37,000
0% Subordinated Note	9,067	8,214
Convertible Subordinated Debenture	3,333	3,500
Other	963	3,548
	248,663	52,262
Current maturities	(236)	(1,494)
Long-term debt	$248,427	$ 50,768

Simultaneous with the Stuart combination, the Company entered into a $350,000 Senior Credit Agreement with interest based on, at the Company's discretion, the London Interbank Borrowing Offering Rate (LIBOR) or the Prime Rate. The Agreement expires in April 1999. Under certain provisions of the Agreement, the Company is required to maintain tangible net worth at specified levels. Other financial covenants relate to levels of indebtedness, liquidity and cash flow. The proceeds were used to fund the $40,200 cash paid in the combination, repay certain of the long-term debt of Stuart and the Company and fund the working capital requirements associated with the accounts receivable of Stuart. Stuart sold its accounts receivable at a discount to a related funding company, thus no receivables were acquired by the Company in the combination.

The Company entered into interest rate swap and cap agreements to reduce the potential impact of increases in interest rates on the $350,000 Senior Credit Agreement. Under the swap agreements the Company pays the counterparties a fixed interest rate, ranging from 6.35%-6.71%, and the counterparties pay the Company interest at a variable rate based on the 3-month LIBOR. The total notional amount of the interest rate swaps was $55,000 at December 31, 1994 and the term of the agreements ranged from 2-3 years. Under the interest rate cap agreements, the Company receives from the counterparties amounts by which the 3-month LIBOR rate exceeds 6.5% based on the notional amounts of the cap agreements which total $20,000. The term of these agreements is 2 years. The Company is exposed to certain losses in the event of nonperformance bythe counterparties to these agreements, however, the Company's exposure is not significant and nonperformance is not anticipated. Based on estimates obtained from a dealer at which the interest rate swap and cap agreements could be settled, the Company had unrealized gains of approximately $1,547 and $266, respectively, as of December 31, 1994.

On May 31, 1989, the Company issued an $11,500, 0% Subordinated Note and a $3,500, 6.5% Convertible Subordinated Debenture to partially finance the National Healthcare acquisition. The 0% SubordinatedNote due May 31, 1997 was discounted for financial reporting purposes at an effective rate of 10.4% to $5,215on the date of issuance. In 1994, the 6.5% Convertible Subordinated Debenture was exchanged for a $3,333, 9.1% Convertible Subordinated Debenture which is convertible into approximately 867 common shares. Interest is payable semi-annually on May 31 and November 30. The Company can redeem all or any portion of the debentures without penalty.

Based on the borrowing rates currently available to the Company for loans with similar terms and average maturities, except for the convertible debenture which is valued at book value because the conversion price was substantially below the current market price, the

fair value of long-term debt, including current maturities, is approximately $248,980 as of December 31, 1994.

Cash payments for interest during 1994, 1993 and 1992 were $9,831, $2,341 and $2,126, respectively.

Maturities of long-term debt for the five years subsequent to 1994 are: 1995 - $236; 1996 - $3,491;1997 - $9,143; 1998 - $78; and 1999 - $235,381.

NOTE 8 - EMPLOYEE BENEFIT PLANS

The Company has a noncontributory pension plan covering substantially all employees. Employees become participants in the plan after one year of service and attainment of age 21. Pension benefits are based on years of service and average compensation. The amount funded for this plan is not less than the minimum required under federal law nor more than the amount deductible for federal income tax purposes. Plan assets consist primarily of equity securities, including 34 shares as of December 31, 1994 of the Company's common stock, and U.S. Government securities.

The Company also has a noncontributory, unfunded retirement plan for certain officers and other key employees. Benefits are based on a percentage of the employees' compensation. The Company maintains life insurance policies on plan participants to act as a financing source for the plan.

The following table sets forth the plans' financial status and the amounts recognized in the Company's Consolidated Balance Sheets at December 31, 1994 and 1993:

	Pension Plan		Retirement Plan	
	1994	1993	1994	1993
Actuarial present value of benefit obligations:				
Accumulated benefit obligations				
Vested	$ (12,302)	$ (10,984)	$ (1,195)	$ (1,225)
Non-vested	(939)	(528)	(1,018)	(780)
Total accumulated benefit obligations	(13,241)	(11,512)	(2,213)	(2,005)
Additional amounts related to projected salary increases	(1,446)	(2,110)	(1,366)	(1,226)
Projected benefit obligations for service rendered to date	(14,687)	(13,622)	(3,579)	(3,231)
Plan assets at fair market value	12,696	13,603	-	-
Plan assets under projected benefit obligations	(1,991)	(19)	(3,579)	(3,231)
Unrecognized net (gain) loss from past experience	1,058	(42)	1,108	1,080
Unrecognized prior service cost (benefit)	407	479	(22)	(23)
Unrecognized net (asset) obligation being recognized over 11 and 17 years, respectively	(214)	(321)	328	369
Adjustment required to recognize minimum liability under SFAS 87	-	-	(49)	(200)
Accrued pension asset (liability)	$ (740)	$ 97	$ (2,214)	$ (2,005)

The components of net periodic pension cost for both plans are as follows:

Year ended December 31,	1994	1993	1992
Service cost-benefits earned during the year	$ 1,314	$ 1,146	$ 944
Interest cost on projected benefit obligations	1,232	1,056	994
Actual return on plan assets	436	(1,450)	(748)
Net amortization and deferral	(1,462)	453	(145)
Net periodic pension cost	$ 1,520	$ 1,205	$1,045

The weighted average discount rate and rate of increase in future compensation levels used in determining the actuarial present value of the projected benefit obligations was assumed to be 8.0% and 5.5% for 1994, respectively, and 7.5% and 5.5% for 1993, respectively. The expected long-term rate of return on plan assets was 8.5% for 1994 and 9.0% for 1993.

Substantially all employees of the Company may become eligible for certain medical benefits if they remain employed until retirement age and fulfill other eligibility requirements specified by the plan. The plan is contributory with retiree contributions adjusted annually.

The Company adopted the accounting provisions of the Statement of Financial Accounting Standards No. 106, EMPLOYERS' ACCOUNTING FOR POSTRETIREMENT BENEFITS OTHER THAN PENSIONS as of January 1, 1992. This

standard requires that the expected cost of retiree health benefits be charged to expense during the years that the employees render service rather than the Company's past practice of recognizing these costs on a pay-as-you-go basis. As part of adopting the new standard, the Company recorded in the first quarter of 1992, a one-time, non-cash charge against earnings of $1,200 before taxes and $730 after taxes, or $.03 per share. The cumulative adjustment as of January 1, 1992 represents the discounted present value of expected future retiree health benefits attributed to employees' service rendered prior to that date.

The following table sets forth the plan's financial status and the amount recognized in the Company's Consolidated Balance Sheets at December 31, 1994 and 1993:

Accumulated postretirement benefit obligation:	1994	1993
Retirees	$ (246)	$ (251)
Fully eligible active plan participants	(590)	(464)
Other active plan participants	(1,391)	(980)
Accumulated postretirement benefit obligation	(2,227)	(1,695)
Unrecognized loss from past experience	262	64
Accrued postretirement benefit liability	$ (1,965)	$ (1,631)

The components of net periodic postretirement benefit cost are as follows:

Year Ended December 31,	1994	1993	1992
Service cost-benefits earned during the year	$206	$142	$137
Interest cost on accumulated postretirement benefit obligation	160	122	105
Net amortization	6	-	-
Net periodic postretirement benefit cost	$372	$264	$242

For measurement purposes, a 13% annual rate of increase in the per capita cost of covered health care benefits was assumed for 1994 and 1993; the rate was assumed to decrease gradually to 6.5% for the year 2001 and remain at that level thereafter. The health care cost trend rate assumption has a significant effect on the amounts reported. To illustrate, increasing the assumed health care cost trend rate by 1 percentage point in each year would increase the accumulated postretirement benefit obligation as of December 31, 1994 by $179 and the aggregate of the service and interest cost components of net periodic postretirement benefit cost for the year then ended by $49. The weighted average discount rate used in determining the accumulated postretirement benefit obligation was 8.0% for 1994 and 7.5% for 1993.

NOTE 9 - SHAREHOLDERS' EQUITY

On May 10, 1994, the Company issued 1,150 shares of Series B preferred stock as part of its combination with Stuart. Each share of preferred stock has an annual dividend of $4.50, payable quarterly, has voting rights on items submitted to a vote of the holders of common stock, is convertible into approximately 6.1 shares of com- mon stock at the shareholders' option and is redeemable by the Company after April 1997 at a price of $100.

The changes in common stock, paid-in capital and retained earnings are shown as follows:

	COMMON SHARES OUTSTANDING	COMMON STOCK	PAID-IN CAPITAL	RETAINED EARNINGS	TOTAL
Balance December 31, 1991	12,924	$25,848	$ 19,319	$51,924	$ 97,091
Net income	-	-	-	20,392	20,392
Cash dividends of $.11 per common share	-	-	-	(3,224)	(3,224)
Proceeds from exercised stock options, including tax benefits realized of $493	85	170	759	-	929
Common stock issued for incentive plan	15	30	269	-	299
Acquisition related payout	40	79	724	-	803
Stock split (three-for-two)	6,532	13,064	(13,064)	-	-

Retirement plan liability adjustment	-	-	-	369	369
Balance December 31, 1992	19,596	39,191	8,007	69,461	116,659
Net income	-	-	-	20,134	20,134
Cash dividends of $.14 per common share	-	-	-	(4,222)	(4,222)
Proceeds from exercised stock options, including tax benefits realized of $495	119	239	1,256	-	1,495
Common stock issued for incentive plan	31	62	387	-	449
Pooling of interests with Lyons Physician Supply Co.	476	951	(1,189)	1,743	1,505
Acquisition related payout	63	126	797	-	923
Balance December 31, 1993	20,285	40,569	9,258	87,116	136,943
NET INCOME	-	-	-	7,919	7,919
CASH DIVIDENDS OF $.17 PER COMMON SHARE	-	-	-	(5,221)	(5,221)
CASH DIVIDENDS OF $4.50 PER PREFERRED SHARE	-	-	-	(3,309)	(3,309)
PROCEEDS FROM EXERCISED STOCK OPTIONS, INCLUDING TAX BENEFITS REALIZED OF $761	189	379	1,665	-	2,044
COMMON STOCK ISSUED FOR INCENTIVE PLAN	24	48	515	-	563
ACQUISITION RELATED PAYOUT	63	125	2,112	-	2,237
STOCK SPLIT (THREE-FOR-TWO)	10,203	20,407	(12,343)	(8,064)	-
BALANCE DECEMBER 31, 1994	30,764	$61,528	$ 1,207	$78,441	$141,176

A 3-for-2 stock split was distributed on June 8, 1994 to shareholders of record as of May 24, 1994. All applicable share and per common share information has been restated to reflect this transaction.

The Company has a shareholder rights agreement under which 8/27ths of a Right is attendant to each outstanding share of common stock of the Company. Each full Right entitles the registered holder to purchase from the Company one one-hundredth of a share of Series A Participating Cumulative Preferred Stock (the "Series A Preferred Stock"), at an exercise price of $75 (the "Purchase Price"). The Rights will become exercisable, if not earlier redeemed, only if a person or group acquires 20% or more of the outstanding shares of the common stock or announces a tender offer, the consummation of which would result in ownership by a person or group of 20% or more of such outstanding shares. Each holder of a Right, upon the occurrence of certain events, will become entitled to receive, upon exercise and payment of the Purchase Price, Series A Preferred Stock (or in certain circumstances, cash, property or other securities of the Company or a potential acquirer) having a value equal to twice the amount of the Purchase Price. The Rights will expire on May 10, 2004, if not earlier redeemed.

NOTE 10 - STOCK OPTION PLANS

Under the terms of the Company's stock option plans, 3,347 shares of common stock have been reserved for future issuance at December 31, 1994. Options may be designated as either Incentive Stock Options (ISO) or non-qualified stock options. Options granted under the plans have an exercise price equal to the fair market value of the stock on the date of grant and can be exercised up to ten years from date of grant. As of December 31, 1994, there were 1,742 non-qualified and no ISO stock options issued and outstanding under the plans.

The changes in shares under outstanding options for each of the years in the three year period ended December 31, 1994 are as follows:

	SHARES	GRANT PRICE
YEAR ENDED DECEMBER 31, 1994		
OUTSTANDING AT BEGINNING OF YEAR	1,031	$ 3.55- 9.83
GRANTED	953	14.92-16.50
EXERCISED	(227)	3.55- 9.83
EXPIRED/CANCELLED	(15)	8.33-15.42
OUTSTANDING AT END OF YEAR	1,742	$ 3.55-16.50
EXERCISABLE	545	
SHARES AVAILABLE FOR ADDITIONAL GRANTS	1,605	
Year ended December 31, 1993		
Outstanding at beginning of year	855	$ 3.53-9.33
Granted	425	8.59-9.83
Exercised	(181)	3.53-9.33
Expired/cancelled	(68)	3.55-9.33
Outstanding at end of year	1,031	$ 3.55-9.83

Exercisable	443	
Shares available for additional grants	2,545	
Year ended December 31, 1992		
Outstanding at beginning of year	856	$ 2.37-9.33
Granted	235	8.00-8.72
Exercised	(207)	2.37-5.59
Expired/cancelled	(29)	3.74-9.33
Outstanding at end of year	855	$ 3.53-9.33
Exercisable	499	
Shares available for additional grants	426	

Stock Appreciation Rights (SARs) may be granted in conjunction with any option granted under the plans, and to the extent either is exercised, the other is cancelled. SARs are payable in cash, common stock or a combination of both, equal to the appreciation of the underlying shares from the date of grant to date of exercise, and may be exercised from one up to ten years from date of grant. As of December 31, 1994, there were no SARs issued and outstanding.

NOTE 11 - INCOME TAXES

The Company adopted Statement of Financial Accounting Standards No. 109, ACCOUNTING FOR INCOME TAXES, as of January 1, 1993. The cumulative effect of this change in accounting for income taxes was a favorable adjustment of $706 and is reported separately in the Consolidated Statements of Income for the year ended December 1993. Prior years' financial statements have not been restated to apply the provisions of Statement 109.

The provision for income taxes for continuing operations consists of the following:

Year ended December 31,	1994	1993	1992
Current tax provision			
Federal	$ 6,663	$10,405	$ 9,386
State	1,635	2,123	2,262
Total current provision	8,298	12,528	11,648
Deferred tax benefit			
Federal	(1,816)	(555)	(916)
State	(404)	(73)	(227)
Total deferred benefit	(2,220)	(628)	(1,143)
Provision for income taxes	$ 6,078	$11,900	$10,505

A reconciliation of the Federal statutory rate to the Company's effective income tax rate for continuing operations follows:

Year ended December 31,	1994	1993	1992
Federal statutory rate	35.0%	35.0%	34.0%
Increases (reductions) in the rate resulting from:			
State income taxes, net of Federal income tax benefit	4.6	4.4	5.1
Nondeductible goodwill	2.8	.5	.5
Other, net	1.0	(.8)	.9
Effective rate	43.4%	39.1%	40.5%

The components of deferred income tax benefit for continuing operations for the year ended December 31, 1992 are as follows:

Year ended December 31,	1992
Inventories	$ 135
Depreciation	(225)
Employee benefit plans	611
Allowance for doubtful accounts	303
Real estate sale/leaseback	(88)
Reserve for property and equipment	(126)
Other, net	533
Total deferred benefit	$1,143

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities at December 31, 1994 and 1993 are presented below:

	1994	1993
Deferred tax assets:		
Allowance for doubtful accounts	$ 2,115	$ 2,702
Accrued liabilities not deductible until paid	10,912	1,998
Employee benefit plans	4,195	3,038
Leased assets	-	3,512
Merchandise inventories	1,190	-
Nonrecurring restructuring expenses	5,011	-
Other	3,606	1,641
Total deferred tax assets	27,029	12,891
Deferred tax liabilities:		
Property and equipment	48	4,484
Merchandise inventories	-	920
Leased assets	165	-
Other	1,097	1,352
Total deferred tax liabilities	1,310	6,756
Net deferred tax asset (included in other current assets and other assets)	$25,719	$ 6,135

Management has determined, based on the Company's carryback availability, history of earnings and its expectation of earnings in future years, that it is more likely than not that all of the deferred tax assets will be realized. Therefore, the Company has not recognized a valuation allowance for the gross deferred tax asset recorded in the accompanying Consolidated Balance Sheets.

Cash payments for income taxes, including taxes on discontinued operations, for 1994, 1993 and 1992 were $8,164, $12,153 and $21,672, respectively.

NOTE 12 - COMMITMENTS AND CONTINGENCIES

The Company has entered into noncancelable agreements to lease certain office and warehouse facilities and to manage the operations of its mainframe computer system with remaining terms ranging from one to twelve years. Certain leases include renewal options, generally for five year increments. At December 31, 1994, future minimum annual payments under noncancelable agreements with original terms in excess of one year are as follows:

	Operating Leases	Mainframe Operations	Total
1995	$18,981	$15,740	$34,721
1996	13,801	4,300	18,101
1997	11,723	-	11,723
1998	10,079	-	10,079
1999	7,219	-	7,219
Later years	16,976	-	16,976
Total minimum payments	$78,779	$20,040	$98,819

Minimum lease payments have not been reduced by minimum sublease rentals aggregating $2,609 due in the future under noncancelable subleases.

Rent expense for continuing operations for the years ended December 31, 1994, 1993 and 1992 was $21,264, $12,857 and $11,329, respectively.

The Company sold transportation equipment with a net book value of approximately $407 in a sale/leaseback agreement in 1994. The gain realized in the sale transaction totaling $1,328 has been deferred and is being credited to income as a rent expense adjustment over the lease terms.

The Company has limited concentrations of credit risk with respect to financial instruments. Temporary cash investments are placed with high credit quality institutions and concentrations within accounts and notes receivable are limited due to their geographic dispersion. Additionally, no single customer accounted for 10% or more of the Company's net sales during 1994, except for sales under contract to member hospitals of the VHA, which amounted to $960,000 or 40% of the Company's net sales.

NOTE 13 - QUARTERLY FINANCIAL DATA (UNAUDITED)

The following table presents the summarized quarterly financial data for 1994, 1993 and 1992, after restatement for a 3-for-2 stock split distributed on June 8, 1994, to shareholders of record as of May 24, 1994:

	1994			
QUARTER	1ST	2ND	3RD	4TH
Net sales	$ 390,794	$581,763	$ 693,004	$ 730,242
Gross margin	39,126	56,809	66,234	70,175
Net income (loss)	4,756	(5,125)	1,486	6,802
Net income (loss) per common share	$ .15	$ (.19)	$ .01	$ .18

	1993			
Quarter	1st	2nd	3rd	4th
Net sales	$ 317,812	$ 341,221	$ 361,959	$ 375,979
Gross margin	33,634	35,654	38,151	39,872
Income from continuing operations	3,826	4,265	4,790	5,636
Gain on disposals, net of other provisions and taxes	-	-	-	911
Cumulative effect of change in accounting principle	706	-	-	-
Net income	$ 4,532	$ 4,265	$ 4,790	$ 6,547
Net income per common share:				
Continuing operations	$ .13	$ .14	$ .15	$ .18
Discontinued operations	-	-	-	.03
Cumulative effect of change in accounting principle	.02	-	-	-
Net income per common share	$ .15	$ .14	$ .15	$ .21

	1992			
Quarter	1st	2nd	3rd	4th
Net sales	$282,481	$289,705	$300,018	$305,094
Gross margin	28,514	29,778	31,450	34,558
Income from continuing operations	3,085	3,613	3,952	4,785
Discontinued operations:				
Income (loss) from discontinued operations, net of taxes	123	(46)	-	-
Gain (loss) on disposals, net of other provisions and taxes	9,933	(3,080)	-	(1,243)
Cumulative effect of change in accounting principle	(730)	-	-	-
Net income	$ 12,411	$ 487	$ 3,952	$ 3,542
Net income (loss) per common share:				
Continuing operations	$ .11	$ .12	$ .13	$ .16
Discontinued operations	.34	(.10)	-	(.04)
Cumulative effect of change in accounting principle	(.03)	-	-	-
Net income per common share	$ .42	$ .02	$ .13	$ .12

INDEPENDENT AUDITORS' REPORT

(KPMG PEAT MARWICK LLP LOGO)

CERTIFIED PUBLIC ACCOUNTANTS

Suite 1900
1021 East Cary Street
Richmond, VA 23219-4023

The Board of Directors and Shareholders
Owens & Minor, Inc.:

We have audited the accompanying consolidated balance sheets of Owens & Minor, Inc. and subsidiaries as of December 31, 1994 and 1993, and the related consolidated statements of income and cash flows for each of the years in the three-year period ended December 31, 1994. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. 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.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Owens & Minor, Inc. and subsidiaries as of December 31, 1994 and 1993, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 1994, in conformity with generally accepted accounting principles.

February 3, 1995

(SIGNATURE OF KPMG PEAT MARWICK LLP)

Member Firm of
Klynveld Peat Marwick Goerdeler

MARKET AND DIVIDEND INFORMATION

Owens & Minor, Inc.'s common stock trades on the New York Stock Exchange under the symbol, OMI. The following table, which reflects the 3-for-2 stock split distributed on June 8, 1994, to shareholders of record as of May 24, 1994, indicates the range of high and low sales prices per share of the Company's common shares as reported on the New York Stock Exchange and the quarterly cash dividends paid by the Company:

Year	1994			
Quarter	1st	2nd	3rd	4th
Market Price				
High	$18.13	$17.13	$16.75	$16.75
Low	$14.63	$14.13	$13.25	$13.63
Dividends per share	$ .035	$ .045	$ .045	$ .045

Year	1993			
Quarter	1st	2nd	3rd	4th
Market Price				
High	$11.59	$14.00	$15.50	$15.59
Low	$ 8.42	$ 8.42	$12.17	$12.00
Dividends per share	$ .035	$ .035	$ .035	$ .035

Year	1992			
Quarter	1st	2nd	3rd	4th
Market Price				
High	$ 9.67	$ 8.33	$ 8.89	$10.11
Low	$ 7.50	$ 7.33	$ 7.55	$ 7.89
Dividends per share	$ .023	$ .029	$ .029	$ .029

At December 31, 1994, there were approximately 12,000 shareholders.

Exhibit 21

OWENS & MINOR, INC. AND SUBSIDIARIES
SUBSIDIARIES OF REGISTRANT

Subsidiary	State of Incorporation
Owens & Minor Medical, Inc.	Virginia
Stuart Medical, Inc.	Pennsylvania
Owens & Minor West, Inc. (formerly known as National Healthcare and Hospital Supply Corporation)	California
National Medical Supply Corporation	Delaware
Koley's Medical Supply, Inc.	Nebraska
Lyons Physician Supply Company	Ohio
A. Kuhlman & Co.	Michigan

Exhibit 23

CONSENT OF INDEPENDENT AUDITORS

The Board of Directors
Owens & Minor, Inc.:

We consent to incorporation by reference in the Registration Statements (Nos. 33-65606, 33-63248, 33-4536, 33-32497, 33-41402 and 33-41403) on Form S-8 of Owens & Minor, Inc. of our report dated February 3, 1995, relating to the consolidated balance sheets of Owens & Minor, Inc. and subsidiaries as of December 31, 1994 and 1993, and the related consolidated statements of income and cash flows for each of the years in the three-year period ended December 31, 1994, which report is incorporated by reference in the December 31, 1994 annual report on Form 10-K of Owens & Minor, Inc. We also consent to the incorporation by reference in the aforementioned Registration Statements of our report dated February 3, 1995, relating to the financial statement schedule of the Company, which report appears on page 15 of the Form 10-K.

KPMG Peat Marwick LLP

Richmond, Virginia
March 22, 1995

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<TOTAL-LIABILITY-AND-EQUITY>		868,560
<SALES>		2,395,803
<TOTAL-REVENUES>		2,395,803
<CGS>		2,163,459
<TOTAL-COSTS>		2,338,965
<OTHER-EXPENSES>		29,594
<LOSS-PROVISION>		1,149
<INTEREST-EXPENSE>		12,098
<INCOME-PRETAX>		13,997
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<INCOME-CONTINUING>		7,919
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<EXTRAORDINARY>		0
<CHANGES>		0
<NET-INCOME>		7,919
<EPS-PRIMARY>		.15
<EPS-DILUTED>		.15