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

FORM 10-Q

(Mark One)

X QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 1994

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

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)

(804) 747-9794
(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report.)

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

The number of shares of the Company's Common Stock outstanding as of July 27, 1994 was 30,690,691.

Owens & Minor, Inc. and Subsidiaries
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Part I. Financial Information

Item 1. Financial Statements

Owens & Minor, Inc. and Subsidiaries
Consolidated Balance Sheets

(In thousands, except per share data)

	June 30, 1994	December 31 1993
Assets		
Current assets		
Cash and cash equivalents	$ 1,938	$ 2,048
Accounts and notes receivable, net	239,341	144,629
Merchandise inventories	292,084	124,848
Other current assets	45,487	10,638
Total current assets	578,850	282,163
Property and equipment, net	38,736	23,863
Excess of purchase price over net assets acquired, net	172,137	17,316
Other assets	10,841	10,980
Total Assets	$ 800,564	$ 334,322
Liabilities and Stockholders' Equity		
Current liabilities		
Current maturities of long-term debt	$ 1,579	$ 1,494
Accounts payable	236,590	120,699
Accrued payroll and related liabilities	7,827	5,768
Other accrued liabilities	50,804	15,111
Total current liabilities	296,800	143,072
Long-term debt	247,667	50,768
Other liabilities	4,236	3,539
Total Liabilities	548,703	197,379
Stockholders' equity		
Preferred stock, par value $100; authorized - 10,000 shares		
Series A: Participating Cumulative Preferred Stock; none issued	-	-
Series B: Participating Cumulative Preferred Stock; 4 1/2%, convertible; issued - 1,150 shares	115,000	-
Common stock, par value $2.00; authorized - 200,000 shares; issued - 30,668 and 20,285 shares	61,336	40,569
Paid-in capital	17	9,258
Retained earnings	75,508	87,116
Total Stockholders' Equity	251,861	136,943
Commitments and contingencies		
Total Liabilities and Stockholders' Equity	$ 800,564	$ 334,322

See Notes to Consolidated Financial Statements

Consolidated Statements of Income

(In thousands, except per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	1994	1993	1994	1993

Net sales	$ 581,763	$ 341,221	$ 972,557	$ 659,033
Cost of sales	524,954	305,567	876,622	589,745
Gross margin	56,809	35,654	95,935	69,288
Selling, general and administrative expenses	40,752	26,059	69,125	50,945
Depreciation and amortization	3,297	1,823	5,599	3,540
Interest expense, net	2,220	666	2,988	1,305
Non-recurring restructuring expenses	18,617	-	18,617	-
Total expenses	64,886	28,548	96,329	55,790
Income (loss) before income taxes	(8,077)	7,106	(394)	13,498
Income tax expense (benefit)	(2,952)	2,841	(25)	5,407
Income (loss) before cumulative effect of change in accounting principle	(5,125)	4,265	(369)	8,091
Cumulative effect of change in accounting principle	-	-	-	706
Net income (loss)	(5,125)	4,265	(369)	8,797
Dividends on preferred stock	727	-	727	-
Net income (loss) attributable to common stock	$ (5,852)	$ 4,265	$ (1,096)	$ 8,797
Net income (loss) per common share:				
Income (loss) before cumulative effect of change in accounting principle	$ (0.19)	$ 0.14	$ (0.04)	$ 0.27
Cumulative effect of change in accounting principle	-	-	-	0.02
Net income (loss) per common share	$ (0.19)	$ 0.14	$ (0.04)	$ 0.29
Cash dividends per common share	$ 0.045	$ 0.035	$ 0.080	$ 0.070
Weighted average common shares and common share equivalents	30,948	30,683	31,040	30,584

See Notes to Consolidated Financial Statements

Owens & Minor, Inc. and Subsidiaries
Consolidated Statements of Cash Flows

(In thousands)	Six Months Ended June 30, 1994	1993
Operating Activities		
Net income (loss) and noncash charges		
Net income (loss)	$ (369)	$ 8,797
Noncash charges (credits) to income		
Cumulative effect of change in accounting principle	-	(706)
Depreciation and amortization	5,599	3,540
Provision for losses on accounts and notes receivable	379	565

Provision for LIFO reserve	858	1,256
Other, net	409	414
Cash provided by net income (loss) and noncash charges	6,876	13,866
Changes in working capital		
Accounts and notes receivable	(95,091)	(7,025)
Merchandise inventories	(56,669)	(29,513)
Accounts payable	29,548	25,818
Net change in other current assets and current liabilities	8,562	(287)
Other, net	(41)	(453)
Cash provided by (used for) operating activities	(106,815)	2,406
Investing Activities		
Business acquisition, net of cash acquired	(38,622)	(2,693)
Additions to property and equipment	(1,376)	(3,209)
Other, net	(199)	(1,755)
Cash used for investing activities	(40,197)	(7,657)
Financing Activities		
Cash dividends paid	(2,450)	(2,095)
Additions to long-term debt	215,550	30,500
Reductions of long-term debt	(72,422)	(4,773)
Other short-term financing	5,580	(15,107)
Exercise of options	644	305
Cash provided by financing activities	146,902	8,830
Net increase (decrease) in cash and cash equivalents	(110)	3,579
Cash and cash equivalents at beginning of year	2,048	7,068
Cash and cash equivalents at end of period	$ 1,938	$ 10,647

See Notes to Consolidated Financial Statements

Owens & Minor, Inc. and Subsidiaries
Notes to Consolidated Financial Statements

1. Accounting Policies

In the opinion of management, the accompanying unaudited consolidated financial statements contain all adjustments (which are comprised only of normal recurring accruals and the use of estimates) necessary to present fairly the consolidated financial position of Owens & Minor, Inc. and subsidiaries as of June 30, 1994 and the results of operations for the three and six month periods ended June 30, 1994 and 1993 and cash flows for the six month periods ended June 30, 1994 and 1993.

2. Interim Results of Operations

The results of operations for interim periods are not necessarily indicative of the results to be expected for the full year.

3. Interim Gross Margin Reporting

In general, the Company uses estimated gross profit rates to determine the cost of sales during interim periods. To improve the accuracy of its estimated gross margins for interim reporting purposes, the Company takes physical inventories at selected distribution centers and reported results of operations for the quarter reflect the results of such inventories, if materially different. Management will continue a program of interim physical inventories at selected distribution centers to the extent it deems appropriate to ensure the accuracy of interim reporting to minimize year-end adjustments.

4. Business Combination

On May 10, 1994, the Company exchanged $40.2 million in cash and 1.15 million 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 7.0 million 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 $156 million which is being amortized on a straight-line basis over 40 years.

The following summary, prepared on a pro forma basis, combines the consolidated results of operations as if Stuart had been combined as of the beginning of each of the periods presented, after including the impact of certain adjustments, such as increased interest expense on acquisition debt, amortization of the excess of purchase price over net assets acquired, reversal of non-recurring restructuring expenses ($18.6 million pre-tax) and related income tax effects.

(In thousands, except per share data)	Six Months Ended June 30, 1994	Six Months Ended June 30, 1993
Net sales	$ 1,295,000	$ 1,100,000
Net income	$ 13,000	$ 10,800
Net income per common share	$ 0.34	$ 0.27

The pro forma results are not necessarily indicative of what actually would have occurred if the combination had been in effect for the entire period presented. In addition, they are not intended to be a projection of future results.

5. Long-Term Debt

Simultaneous with the Stuart combination, the Company entered into a $350 million Senior Credit Agreement with interest based on, at the Company's discretion, the London Interbank Borrowing Offering Rate (LIBOR) or the Prime Rate. The Credit Agreement expires in April 1999. The proceeds were used to fund the $40.2 million exchanged 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.

6. Non-recurring Restructuring Expenses

During the second quarter of 1994 non-recurring restructuring expenses were incurred under a formal restructuring plan adopted in connection with the Company's combination with Stuart and its related decision to contract out the management and operation of its mainframe computer system.

The $18.6 million (pre-tax) of non-recurring expenses are comprised primarily of severance costs associated with termination of employees (approximately $5.2 million), costs of consolidating distribution facilities and offices (approximately $4.0 million) and costs of terminating leases associated with the contracting out of the Company's mainframe computer operations (approximately $6.4 million). The restructuring expenses also include approximately $3.0 million of non-cash asset write-downs. The Company anticipates incurring additional restructuring expenses associated with this plan over the remainder of 1994, with total restructuring expenses estimated to be $35 million.

7. Stock Split

All share and per share information includes the effect of the 3 for 2 stock split distributed June 8, 1994 to shareholders of record on May 24, 1994.

Item 2.

Owens & Minor, Inc. and Subsidiaries
Management's Discussion and Analysis of
Results of Operations and Financial Condition

Net Sales

During the second quarter net sales increased 70.5% (20% same store) to $581.8 million in 1994 from $341.2 million in 1993. For the year sales increased 47.6% (20% same store) compared to the first six months of 1993. The sales increase is due primarily to the combination with Stuart Medical, Inc. (Stuart), the Company's continued market share improvement from previously announced new supply agreements with Voluntary Hospitals of America, Inc. (VHA) and Columbia/HCA Healthcare Corporation (Columbia/HCA), account penetration and product line expansion.

Gross Margin

Gross margin as a percentage of net sales declined during the second quarter to 9.8% in 1994 from 10.4% in 1993. Gross margin is also down for the first six months from 10.5% in 1993 to 9.9% in 1994. This anticipated decline is due primarily to the above mentioned new national supply contracts. Although the gross margin of these contracts reduces the Company's overall gross margin as a percentage of net sales, the reduction is being offset by the increased sales, producing an increase in gross margin dollars for the first six months of 1994 of approximately 38.5%.

Selling, General and Administrative Expenses

In conjunction with the realization of synergies from the Stuart combination and the benefits realized from the Company's emphasis on training and technology development, the Company has been able to absorb the increased sales volume without corresponding increases in administrative expenses. These synergies and benefits have decreased selling, general and administrative expenses as a percentage of sales from 7.6% for the second quarter of 1993 and 7.7% for the first six months of 1993 to 7.0% for the second quarter of 1994 and 7.1% for the first six months of 1994, respectively.

Depreciation and Amortization

Depreciation and amortization increased approximately $1.5 million during the second quarter of 1994 as compared to the second quarter of 1993 and $2.1 million for the first six months in 1994 compared to the same period in 1993. The increase is due primarily to the additional assets acquired in the combination with Stuart, the approximately $156 million excess of purchase price over net assets acquired resulting from the combination and the Company's continued investment in new and improved technology.

Interest Expense, Net

Interest expense, net of interest income, increased from $.7 million during the second quarter of 1993 to $2.2 million during the same period in 1994. For the first six months of 1994 interest expense, net of interest income, increased $1.7 million compared to the same period in 1993. The increase is due to increased borrowings (approximately $197) to finance the combination with Stuart and the unfavorable trend in interest rates during the first half of 1994.

Income Tax Expense (Benefit)

The effective tax rate varied during the second quarter as a percentage of income before income taxes from 40.0% tax expense in 1993 to tax benefit of 36.5% in 1994. The rate has also varied similarly year to date. The rate variance is due to the amortization of the excess of purchase price over net assets acquired in the Stuart combination, which is not tax deductible.

Non-recurring Restructuring Expenses

During the second quarter of 1994 the Company incurred approximately $19 million of non-recurring restructuring expenses. These non-recurring restructuring expenses as discussed in the Company's 1994 proxy statement relate to its combination with Stuart. The anticipated amounts discussed in the proxy statement have increased due to the Company's recent decision to contract out the operation of its mainframe computer system due to the combination.

As discussed in note 5 of the Notes to Consolidated Financial Statements, the expenses relate to severance costs associated with the termination of employees, consolidation of distribution facilities and offices, termination of leases related to the Company's current mainframe computer system and write-down of assets. Restructuring expenses of approximately $16 million will be recorded as incurred throughout the remainder of the year.

Net Income (Loss)

During the second quarter and the first six months of 1994, the Company incurred a net loss due to the anticipated restructuring expenses previously mentioned. Without these non-recurring expenses and the related tax benefit the Company earned approximately $6.0 million or $.17 per common share for the quarter ended June 30, 1994 and $10.8 million or $.32 per common share for the six months ended June 30, 1994, increases of 41.7% and 33.5%, respectively, over the same periods in 1993. The increase in net income prior to restructuring expenses is due primarily to the increased sales and the reduction in operating expenses as a percent of net sales.

Financial Condition

The Company uses several measurements for internal purposes of managing assets, liquidity and capital resources. Due to the Stuart combination the majority of measurements have changed due to different customer bases and different management objectives. In the transition process the Company will continue its emphasis on management of assets, liquidity and capital resources as a key ingredient to making the combination successful. The following is a summary of a few of the measurements the Company uses.

	June 30, 1994	December 31, 1993	June 30, 1993
Return on Common Equity*	15.6%	14.6%	14.3%
Current Ratio	1.95	1.97	1.97
Inventory Turnover	8.5	11.5	10.3
Accounts Receivable Days Sales	35.3	34.2	34.2
Capitalization Ratio	49.6%	27.1%	30.3%

* Excludes impact of non-recurring restructuring expenses and related tax benefit.

Part II. Other Information

Item 4. Submission of Matters to a Vote of Shareholders.

The following matters were submitted to a vote of the Company's shareholders at its annual meeting held on May 10, 1994 with the voting results designated below each such matter:

(1) Proposal to approve the transactions contemplated by the Agreement of Exchange, dated as of December 22, 1993, as amended and restated on March 31, 1994, by and among Stuart Medical., Owens & Minor Medical, Inc. (formerly, Owens & Minor, Inc.), Owens & Minor, Inc. (formerly, O&M Holding, Inc.) and certain shareholders of Stuart Medical, Inc.

Votes For	Votes Against or Withheld	Abstentions	Broker Non-Votes
15,651,396	63,615	129,579	2,051,149

(2) Election of William F. Fife, James E. Ukrop and James E. Rogers as directors of the Company for a three-year term and election of Vernard W. Henley as a director of the Company for a two-year term.

	Votes For	Votes Against or Withheld	Abstentions	Broker Non Votes
William F. Fife	17,843,578	52,161	0	0
James E. Ukrop	17,846,209	49,530	0	0
James E. Rogers	17,846,214	49,525	0	0
Vernard W. Henley	17,845,115	50,624	0	0

(3) Ratification of the appointment of KPMG Peat Marwick as the Company's independent accountants.

Votes For	Votes Against or Withheld	Abstentions	Broker Non-Votes
17,850,620	17,501	27,618	0

Item 6. Exhibits and Reports on Form 8-K

The Company filed a Report on Form 8-K dated May 10, 1994, Items 2, 5 and 7, with respect to the consummation of its business combination with Stuart and the election of a new chairman and chairman emeritus. The following financial statements were filed (or incorporated by reference) as a part of such Form 8-K:

Stuart Medical, Inc. Financial Statements (audited)

Balance Sheets as of December 31, 1993 and 1992.

Statements of Income for the year ended December 31, 1993, the eight months ended December 31, 1992 and the years ended April 30, 1992 and 1991.

Statements of Shareholders' Equity at December 31, 1993 and 1992 and April 30, 1992, 1991 and 1990.

Statements of Cash Flows for the year ended December 31, 1993, the eight months ended December 31, 1992 and the years ended April 30, 1992 and 1991.

Stuart Medical, Inc. Interim Financial Statements (unaudited)

Balance Sheets as of March 31, 1994 and December 31, 1993.

Statements of Income for the three months ended March 31, 1994 and 1993.

Statements of Cash Flows for the three months ended March 31, 1994 and 1993.

Owens & Minor, Inc. and Stuart Medical, Inc. Pro Forma Combined
Financial Statements (unaudited)

Pro Forma Combined Condensed Balance Sheet as of December 31, 1993.

Pro Forma Combined Condensed Statement of Income for the year ended December 31, 1993.

Pro Forma Combined Condensed Balance Sheet as of March 31, 1994.

Pro Forma Combined Condensed Statement of Income for the three months ended March 31, 1994.

SIGNATURES

Pursuant to the requirements 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.

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

Date /s/ F. Thomas Smiley
F. Thomas Smiley
Vice President, Controller