



Owens & Minor Reports Financial Results for 3rd Quarter 2010

OM HealthCare LogisticsSM Signs 5-Year, 3rd-Party Logistics Agreement with CareFusion

RICHMOND, Va., Oct 25, 2010 (BUSINESS WIRE) --

Owens & Minor, Inc. (NYSE:OMI) today reported financial results for the third quarter ended September 30, 2010, including quarterly revenue of \$2.06 billion, increased 1.4% when compared to revenue of \$2.03 billion in the third quarter of 2009. Net income for the third quarter of 2010 was \$31.5 million, or \$0.50 per diluted share, a decrease of \$3 million when compared to net income of \$34.7 million, or \$0.55 per diluted share, in the same quarter of 2009. Excluding the positive effect of the third quarter 2009 last-in, first-out (LIFO) inventory credit of \$0.11 per diluted share, income from continuing operations for the third quarter of 2010 improved \$0.06 per diluted share, when compared to the prior year.

For the third quarter of 2010, operating earnings were \$55.3 million, or 2.68% of revenue, decreased when compared to operating earnings of \$56.7 million, or 2.79% of revenue, for the third quarter of 2009. For purposes of comparison, operating earnings in the third quarter of 2009 benefitted from the overall positive effect of supplier price changes, including supplier price decreases that resulted in an \$11.5 million credit for LIFO inventory valuation.

Year-to-Date Results

For the nine months ended September 30, 2010, revenue was \$6.05 billion, improved 0.9% from revenue of \$6.00 billion for the same period last year. Income from continuing operations for the first nine months of 2010 was \$88.8 million, or \$1.40 per diluted share, compared to income from continuing operations of \$84.8 million, or \$1.35 per diluted share for the same period last year. In the first nine months of 2009, the company reported a loss from discontinued operations of \$12.5 million, or \$0.20 per diluted share, resulting primarily from pre-tax charges associated with exiting the direct-to-consumer diabetes supply business. Net income for the first nine months of 2010 was \$88.8 million, or \$1.40 per diluted share, improved 23% when compared to net income of \$72.3 million, or \$1.15 per diluted share, for the comparable period last year.

Asset Management

For the first nine months of 2010, operating cash flow from continuing operations was \$214 million, compared to \$161 million for the same period of 2009. Cash used by discontinued operations was \$1.5 million for the first nine months of 2010, while cash provided by discontinued operations for the same period last year was \$74 million, including \$63 million received in January 2009 from the sale of certain assets of the DTC business. The balance of cash and cash equivalents was \$145 million at September 30, 2010, decreased from \$158 million at June 30, 2010, and increased from \$43 million at September 30, 2009. Long-term debt as of September 30, 2010, was \$209 million, essentially unchanged when compared to the same period last year. Days sales outstanding (DSO) as of September 30, 2010, was strong at 21.3 days, comparing favorably to DSO of 23.0 at the end of the prior year's third quarter. Inventory turns were 10.2 compared to turns of 10.5 for the same period last year.

OM HealthCare LogisticsSM Update

Owens & Minor also announced that its third-party healthcare-logistics business unit, OM HealthCare Logistics (OM HCL), has entered into a five-year agreement with CareFusion (NYSE: CFN), a leading, global medical device company, to provide third-party logistics services. Under terms of the agreement, OM HCL will provide warehousing, distribution and transportation services for certain of CareFusion's businesses. CareFusion will transition from multiple distribution facilities into two OM HCL distribution centers - the existing facility in Louisville, Ky., and a new facility in Redlands, Calif. - over an estimated 18 month conversion period. As it prepares for this strategically important customer, Owens & Minor is investing in certain on-boarding expenses, which will have an estimated impact of approximately \$0.02 to 2010 net income per diluted share.

"This agreement is validation that our offering is well-timed for today's market, and we are very pleased to extend our strategic relationship with CareFusion," said Craig R. Smith, president & chief executive officer of Owens & Minor. "CareFusion sells a broad portfolio of clinical healthcare products, while OM HealthCare Logistics offers specific expertise in healthcare supply chain management. Becoming the logistics provider for CareFusion is an important step in our efforts to provide the healthcare supply chain with innovative solutions and new logistics efficiencies."

2010 Outlook

"So far this year, trends in our segment of the healthcare market have remained fairly consistent," said Smith. "Consequently, we continue to believe that our full-year revenue results will improve slightly when compared to the prior year. And, we continue to believe that our earnings per diluted share will likely be at the lower end of the previously stated range of \$1.93 to \$2.03, excluding the anticipated impact associated with the CareFusion agreement."

The 2010 outlook is based on certain assumptions that are subject to the risk factors discussed in the company's filings with the Securities & Exchange Commission.

Upcoming Investor Relations Events

- 4th Quarter Investor Conferences:
 - 2010 Credit Suisse Healthcare Conference, November 11, 2010 - Phoenix
 - 2010 Lazard Healthcare Conference, November 16, 2010 - New York
- On Thursday, December 2, 2010, Owens & Minor will host its 2010 Investor Day in New York. Owens & Minor's President & Chief Executive Officer Craig R. Smith and Chief Financial Officer James L. Bierman are scheduled to speak at the event, providing an operational and strategic overview, as well as the company's financial outlook for 2011. The meeting is scheduled to begin at 8:30 a.m. ET and conclude at approximately 10:30 a.m. ET. A live, listen-only webcast of the briefing can be accessed on the company website at <http://cts.businesswire.com/ct/CT?id=smartlink&url=http%3A%2F%2Fwww.owens-minor.com&esheet=6481707&lan=en-US&anchor=www.owens-minor.com&index=1&md5=09e1e988bd07ac02d7e104457f9c3988> under the Investor Relations Section. A webcast replay of the event will also be available on the company website. Prospective participants are encouraged to request information via email at InvestorDay@owens-minor.com.

Safe Harbor Statement

Except for historical information, the matters discussed in this press release may constitute forward-looking statements that involve risks and uncertainties that could cause actual results to differ materially from those projected. These risk factors are discussed in reports filed by the company with the Securities & Exchange Commission. All of this information is available at <http://cts.businesswire.com/ct/CT?id=smartlink&url=http%3A%2F%2Fwww.owens-minor.com&esheet=6481707&lan=en-US&anchor=www.owens-minor.com&index=2&md5=b7c69379a10e805dda5c0b0863a457d4>. The company assumes no obligation, and expressly disclaims any such obligation, to update or alter information, whether as a result of new information, future events, or otherwise.

Owens & Minor, Inc., (NYSE: OMI) a *FORTUNE* 500 company headquartered in Richmond, Virginia, is a leading national distributor of name-brand medical and surgical supplies and a healthcare supply-chain management company. Owens & Minor is also a member of the Russell 2000[®] Index, which measures the performance of the small-cap segment of the U.S. equity universe, as well as the S&P MidCap 400, which includes companies with a market capitalization of \$750 million to \$3.3 billion that meet certain financial standards. With a diverse product and service offering and distribution centers throughout the United States, the company serves hospitals, integrated healthcare systems, alternate site locations, group purchasing organizations, and the federal government. Owens & Minor provides technology and consulting programs that improve inventory management and streamline logistics across the entire medical supply chain--from origin of product to patient bedside. For news releases, or for more information about Owens & Minor, visit the company website at <http://cts.businesswire.com/ct/CT?id=smartlink&url=http%3A%2F%2Fwww.owens-minor.com&esheet=6481707&lan=en-US&anchor=www.owens-minor.com&index=3&md5=8f4d913787cf038aad6615bc7a03e0a8>.

Investors Conference Call & Supplemental Material

Conference Call: Owens & Minor will conduct a conference call for investors on Tuesday, October 26, 2010, at 8:30 a.m. ET. **Participants may access the live call** at 877-748-0043 with access code #17065712. The international dial-in number is 706-758-5871 with access code #17065712. **Webcast:Replay:** A replay of the call will be available for three weeks by dialing 800-642-1687, using access code #17065712.

A listen-only **webcast of the call**, along with supplemental information, will be available on www.owens-minor.com under "Investor Relations." Owens & Minor uses its Web site as a channel of distribution for material company information, including news releases, investor presentations and financial information. This information is routinely posted and accessible under the Investor Relations section.

