

# OWENS & MINOR INC/VA/

## FORM DEF 14A (Proxy Statement (definitive))

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

**SCHEDULE 14A INFORMATION**

Proxy Statement Pursuant to Section 14(a) of the Securities  
Exchange Act of 1934

**Filed by the Registrant**

**Filed by a Party other than the Registrant**

Check the appropriate box:

Preliminary Proxy Statement                       CONFIDENTIAL, FOR USE OF THE  
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RULE 14A-6(E)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to Section 240.14a-11(c) or Section 240.14a-12  
Owns & Minor, Inc.

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(Name of Registrant as Specified In Its Charter)

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(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

**Payment of Filing Fee (Check the appropriate box):**

No fee required

Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

(1) Title of each class of securities to which transaction applies:

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(1) Amount Previously Paid:

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(2) Form, Schedule or Registration Statement No.:

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(3) Filing Party:

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(4) Date Filed:

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**Notes:**

[OWENS & MINOR, INC. LOGO]

**Notice of**

2000

**Annual Meeting**

and

**Proxy Statement**

**WHETHER OR NOT YOU PRESENTLY PLAN TO ATTEND THE MEETING  
IN PERSON, THE BOARD OF DIRECTORS URGES YOU TO SIGN AND  
RETURN THE PROXY IN THE ENCLOSED ENVELOPE.**

Owens & Minor, Inc.  
4800 Cox Road  
Glen Allen, Virginia 23060-6292

**[OWENS & MINOR, INC. LETTERHEAD]**

4800 Cox Road, Post Office Box 27626  
Glen Allen, Virginia 23060-6292

(804) 747-9794 FAX (804) 270-7281

March 13, 2000

Dear Shareholders:

It is my pleasure to invite you to our Annual Meeting of Shareholders on Tuesday, April 25, 2000 at 10:00 a.m. The meeting will be held at the Crestar Bank Building, 919 East Main Street, Richmond, Virginia. Directions and suggested parking are on the back of the Proxy Statement. Morning refreshments will be served. For those shareholders unable to attend the meeting, an audio of the Annual Meeting will be available on our website at [www.owens-minor.com](http://www.owens-minor.com) for 30 days following the Annual Meeting.

The primary business of the meeting will be to elect four directors and to ratify KPMG LLP as our independent auditors. In addition to considering these matters, we will review major developments since our last shareholders meeting as well as opportunities in 2000 and beyond.

Please complete, sign and return the enclosed proxy card as soon as possible in the postage-paid envelope provided. Your vote is important. All of us at Owens & Minor appreciate your continued interest and support.

Warm regards,

*/s/ G. Gilmer Minor, III*

*G. GILMER MINOR, III  
Chairman and Chief Executive Officer*

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**YOUR VOTE IS IMPORTANT**

Whether or not you plan to attend the Annual Meeting, please sign and return the proxy card in the enclosed envelope.

[OWENS & MINOR, INC. LOGO]

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**

**To Be Held Tuesday, April 25, 2000**

**To the Shareholders of Owens & Minor:**

The Annual Meeting of Shareholders of Owens & Minor will be held on Tuesday, April 25, 2000 at 10:00 a.m. at the Crestar Bank Building, 919 East Main Street, Richmond, Virginia.

The purposes of the meeting are:

- 1.To elect four directors to serve until the Annual Meeting of Shareholders in 2003;
- 2.To ratify the appointment of KPMG LLP as independent auditors; and
- 3.To transact any other business properly before the Annual Meeting.

Shareholders as of March 1, 2000 will be entitled to vote at the Annual Meeting.

Your attention is directed to the attached Proxy Statement. This Proxy Statement, proxy card and Owens & Minor's 1999 Annual Report are being dis- tributed on or about March 13, 2000.

**By Order of the Board of Directors**

Drew St. J. Carneal  
Senior Vice President,  
General Counsel & Secretary

Street Address  
4800 Cox Road  
Glen Allen, Virginia 23060-6292

Mailing Address  
P.O. Box 27626  
Richmond, Virginia 23261-7626

**PROXY STATEMENT**  
Annual Meeting of Shareholders  
to be held on April 25, 2000

**QUESTIONS AND ANSWERS**

Q: What am I voting on?

A: Proposal 1: The election of the following four directors, each for a three- year term: Josiah Bunting, III, John T. Crotty, James E. Rogers and James E. Ukrop.

Proposal 2: Ratification of KPMG LLP as Owens & Minor's independent audi- tors.

Q: Who is entitled to vote?

A: Shareholders as of the close of business on March 1, 2000 (the Record Date) are entitled to vote. Each share of common stock is entitled to one vote.

Q: How do I vote?

A: Vote by completing, signing and returning the enclosed proxy card. You may revoke a proxy prior to the meeting by (1) submitting a subsequently dated proxy, (2) giving notice in writing to the Secretary of the Company or (3) voting in person at the meeting.

Q: What happens if I don't make selections on my proxy card?

A: If you sign your proxy card, but do not make any selections, you give authority to the individuals designated on the proxy card to vote on the two proposals and any other matter that may arise at the meeting. All proxies will be voted in favor of the election of directors and in favor of the ratification of independent auditors unless otherwise indicated on the proxy card.

Q: What does it mean if I get more than one proxy card?

A: Your shares are probably registered differently or are in more than one account. Sign and return all proxy cards to ensure that all your shares are voted. Please have all of your accounts registered in the same name and address. You may do this by contacting our transfer agent, Bank of New York, at 1-800-524-4458.

Q: What constitutes a quorum?

A: As of March 1, 2000, 32,824,257 shares of Owens & Minor common stock were issued and outstanding. A majority of the outstanding shares, present or represented by proxy, constitutes a quorum. A quorum is required to conduct the Annual Meeting. If you vote by proxy card, you will be considered part of the quorum. Abstentions and shares held by brokers that are voted on any matter are included in the quorum.

Q: Which shareholders own at least 5% of Owens & Minor?

A: Wellington Management Company, LLP (75 State Street, Boston, MA 02109) owned 4,475,100 shares, or 13.63%, as of February 9, 2000. Of these 4,475,100 shares, 2,006,100 shares, or 6.11%, were owned by Vanguard Specialized Funds--Vanguard Health Care Fund (P.O. Box 2600, Valley Forge, PA 19482) as of February 4, 2000.

Westport Asset Management, Inc. (253 Riverside Avenue, Westport, CT 06880) owned 3,308,250 shares, or 10.08%, as of February 16, 2000.

Putnam Investments, Inc. (One Post Office Square, Boston, MA 02109) owned 2,619,669 shares, or 7.98%, as of February 7, 2000.

Q. What percentage of Owens & Minor stock is owned by its directors and officers?

A: As of March 1, 2000, approximately 8.19%.

Q: When are the year 2001 shareholder proposals due?

A: Shareholder proposals must be submitted in writing by December 15, 2000 to Drew St.J. Carneal, Senior Vice President, General Counsel & Secretary, Owens & Minor, 4800 Cox Road, Glen Allen, VA 23060. Shareholder recommendations for director-nominees must be accompanied by a consent of the nominee to serve if elected and set forth the following:

- (i) the name and address of the nominating shareholder and each proposed nominee;
- (ii) the number of shares of common stock owned by the nominating shareholder and each nominee; and
- (iii) such other information about each nominee as is required by rules of the Securities and Exchange Commission to be disclosed in a proxy statement.

Q: What are the costs of soliciting proxies?

A: Owens & Minor will pay all costs of this proxy solicitation. Corporate Investor Communications has been retained to aid in the distribution and solicitation of proxies for approximately \$4,000 plus expenses. The Company will reimburse stockbrokers and other custodians, nominees and fiduciaries for their expenses in forwarding proxy and solicitation materials.

## **BOARD MEETINGS AND COMMITTEES**

The Board of Directors held six meetings during 1999. All directors attended at least 75% of the total meetings of the Board of Directors and any committees on which they serve.

The Board of Directors has the following committees:

**Executive Committee:** Exercises limited powers of the Board when the Board is not in session.

**Audit Committee:** Oversees the Company's financial reporting and internal control structure and serves as a direct line of communication among the Company's independent auditors, Internal Audit Department and the Board. Recommends the Company's independent auditors. All members are non-employee directors.

**Compensation & Benefits Committee:** Administers executive compensation programs, policies and practices. Advises the Board on salaries and compensation of the executive officers and makes other studies and recommendations concerning compensation and compensation policies. All members are non-employee directors.

**Governance & Nominating Committee:** Considers and recommends nominees for election as directors and officers. Reviews and evaluates the procedures, practices and policies of the Board and its members. All members are non-employee directors.

**Strategic Planning Committee:** Reviews and makes recommendations for the strategic direction of the Company.

## BOARD COMMITTEE MEMBERSHIP

Director	Board Audit	Compensation & Benefits	Executive	Governance & Strategic Nominating	Strategic Planning	
G. Gilmer Minor, III	X		X*		X	
Henry A. Berling	X		X		X	
Josiah Bunting, III	X	X			X	
John T. Crotty	X	X			X	
James B. Farinholt, Jr.	X	X*	X		X	
Vernard W. Henley	X	X	X	X		
E. Morgan Massey	X	X	X	X	X*	
Peter S. Redding	X	X			X	
James E. Rogers	X	X*	X		X	
James E. Ukrop	X	X	X	X		
Anne Marie Whittemore	X	X	X	X*		
No. of meetings in 1999	6	4	5	4	2	1

\*Chairperson

### DIRECTOR COMPENSATION

Employee directors receive no additional compensation other than their normal salary for serving on the Board or its committees.

Non-employee directors receive the following annual cash and stock compensation:

#### DIRECTOR COMPENSATION TABLE

Type of Compensation	Cash	Stock
Annual Retainer	\$12,500	\$12,500
Additional Retainer for Committee Chair	\$ 3,500	
Board or Committee Attendance Fee (per meeting)	\$ 1,200	
Board or Committee Telephone Conference (per meeting)	\$ 600	
Stock Options		Option for 3000 shares

Directors may defer the receipt of all or part of their director fees. Amounts deferred are "invested" in bookkeeping accounts that measure earnings and losses based on the performance of a particular investment. Directors may elect to defer their fees into the following two subaccounts: (i) an account based upon the price of the common stock and (ii) an account based upon the current interest rate of the Company's fixed income fund in its 401(k) plan. Subject to certain restrictions, a director may take cash distributions from a deferred fee account either prior to or following the termination of his or her service as a director. Directors are also permitted to receive payment of their director fees in common stock.

## **PROPOSAL 1: ELECTION OF DIRECTORS**

The Board of Directors is divided into three classes for purposes of election. One class is elected at each Annual Meeting to serve for a three-year term. Four directors will be elected at the Annual Meeting to serve for a three-year term expiring at the Company's Annual Meeting in the year 2003. Each nominee has agreed to serve if elected. If any nominee is not able to serve, the Board may designate a substitute or reduce the number of directors serving on the Board.

Unless otherwise directed, a proxy will be voted for the nominees shown below. Each nominee must be elected by a plurality of shares voted in this election. Votes that are withheld and broker shares that are not voted in the election of directors will not be included in determining the number of votes cast.

Information on each nominee and continuing director, including age and principal occupation during the past five years, is set forth below.

The Board of Directors recommends a vote FOR the election of each nominee as director.

### **NOMINEES FOR ELECTION**

#### **For Three-Year Term Expiring in 2003:**

##### **[PHOTO OF JOSIAH BUNTING, III]**

Josiah Bunting, III, 59, is Superintendent of the Virginia Military Institute, Lexington, Virginia. From 1987 to 1995, he served as Headmaster of The Lawrenceville School. General Bunting has been a director since 1995.

##### **[PHOTO OF JOHN T. CROTTY]**

John T. Crotty, 62, is Managing Partner of CroBern Management Partnership, a healthcare investment firm, and President of CroBern, Inc., a healthcare consulting and advisory firm. Prior to co-founding these businesses, Mr. Crotty held several senior management positions during 19 years with American Hospital Supply Corporation, including corporate vice president of planning and business development and president of the services operating group. He also serves on the Boards of Directors of two private companies in the healthcare industry. Mr. Crotty has been a director since July 1999.

##### **[PHOTO OF JAMES E. ROGERS]**

James E. Rogers, 54, is President of SCI Investors Inc, a private equity investment firm. Mr. Rogers also serves on the Boards of Directors of Wellman, Inc., Caraustar Industries, Inc., Chesapeake Corporation and Virginia Management Investment Corporation. Mr. Rogers has been a director since 1991.

##### **[PHOTO OF JAMES E. UKROP]**

James E. Ukrop, 62, is Chairman of Ukrop's Super Markets, Inc., a retail grocery chain, and Chairman of First Market Bank. Mr. Ukrop also serves on the Board of Directors of Legg Mason, Inc. Mr. Ukrop has been a director since 1987.

## **DIRECTORS CONTINUING IN OFFICE**

Terms expiring in 2002:

### **[PHOTO OF VERNARD W. HENLEY]**

Vernard W. Henley, 70, is Chairman of the Board and Chief Executive Officer of Consolidated Bank and Trust Company, Richmond, Virginia. Mr. Henley has been a director since 1993.

### **[PHOTO OF G. GILMER MINOR]**

G. Gilmer Minor, III, 59, is Chairman and Chief Executive Officer of Owens & Minor. Mr. Minor also serves on the Board of Directors of SunTrust Banks, Inc. Mr. Minor has been a director since 1980.

### **[PHOTO OF PETER S. REDDING]**

Peter S. Redding, 61, is President and Chief Executive Officer of Standard Register and a member of its Board of Directors. From January to December 1994, Mr. Redding was Executive Vice President and Chief Operating Officer of Standard Register. Mr. Redding also serves on the Boards of Directors of KeyBank (Dayton, OH), The Victoria Theatre Association, The Human Race Theatre, The Children's Medical Center Foundation and the Ohio Foundation of Independent Colleges. Mr. Redding has been a director since 1999.

Terms expiring in 2001:

**[PHOTO OF HENRY A. BERLING]**

Henry A. Berling, 57, is Executive Vice President, Partnership Development of Owens & Minor and has served in this position since 1995. From 1996 to 1998, Mr. Berling also served as the Company's Chief Sales Officer. Mr. Berling served as Executive Vice President, Sales and Customer Development from 1994 to 1995. Mr. Berling has been a director since 1998.

**[PHOTO OF JAMES B. FAIRNHOLT, JR.]**

James B. Farinholt, Jr., 65, is Special Assistant to the President of Virginia Commonwealth University for Economic Development, advising on campus expansion and commercialization of scientific discoveries. From 1978 to 1995, Mr. Farinholt served as President of Galleher & Company, Inc., an investment company, which he sold. Mr. Farinholt has been a director since 1974.

**[PHOTO OF E. MORGAN MASSEY]**

E. Morgan Massey, 73, is Chairman of Asian-American Coal, Inc. and Chairman Emeritus of A.T. Massey Coal Company, Inc., both coal companies. Mr. Massey is Chairman of Evan Energy Company, a private company with coal, oil, gas and pipeline investments. He is a member of the Board of Directors of VCU Engineering School Foundation and is also Vice Chairman of the Marine Advisory Council of the Virginia Institute for Marine Science. Mr. Massey has been a director since 1988.

**[PHOTO OF ANNE MARIE WHITTEMORE]**

Anne Marie Whittemore, 54, is a partner in the law firm of McGuire, Woods, Battle & Boothe LLP. Mrs. Whittemore also serves on the Boards of Directors of Fort James Corporation, T. Rowe Price Associates, Inc. and Albemarle Corporation. Mrs. Whittemore has been a director since 1991.

## PROPOSAL 2: APPROVAL OF INDEPENDENT AUDITORS

The Board of Directors, upon the recommendation of its Audit Committee, has appointed KPMG LLP to serve as the Company's independent auditors for 2000, subject to ratification by the shareholders. Unless otherwise directed, a proxy will be voted for the ratification of the appointment of KPMG LLP as independent auditors of the Company.

Representatives of KPMG LLP will be present at the Annual Meeting to answer questions and to make a statement, if they desire to do so.

The Board of Directors recommends a vote FOR the ratification of KPMG LLP as Owens & Minor's independent auditors for 2000.

## STOCK OWNERSHIP INFORMATION

### Compliance With Section 16(a) Reporting

Section 16(a) of the Securities Exchange Act of 1934 requires the Company's directors and executive officers to file reports with the Securities and Exchange Commission (SEC) of holdings and transactions in the Company's common stock. Based on the Company's records and information provided by the directors and officers, the Company believes that the filing requirements were satisfied in 1999.

### Stock Ownership Guidelines

Under the Company's Management Equity Ownership Program (MEOP) adopted in 1997, officers are expected, over a five-year period, to achieve the following levels of ownership of common stock:

Officer	Value of Common Stock Owned
Chief Executive Officer	4.0 x Base Salary
Executive Vice Presidents	2.0 x Base Salary
Senior Vice Presidents	1.5 x Base Salary
Vice Presidents, Group and Regional Vice Presidents	1.0 x Base Salary

In addition, the Board of Directors adopted a policy in 1997 that each director achieve, over a five-year period, a level of ownership in common stock equal to at least five times the annual retainer fee (including both cash and stock retainer).

## Stock Ownership By Management and the Board of Directors

This table shows as of March 1, 2000 the number of shares of common stock beneficially owned by each director and nominee, the Company's five most highly compensated officers and all current executive officers and directors of the Company as a group.

Name of Beneficial Owner	Sole Voting and Investment Power (1)	Other (2)	Aggregate Percentage Owned
G. Gilmer Minor, III	805,038	13,976	2.48%
Henry A. Berling	438,449	8,457	1.36%
Josiah Bunting, III	13,385	0	*
John T. Crotty	5,148	0	*
James B. Farinholt, Jr.	22,417	0	*
Vernard W. Henley	19,067	0	*
E. Morgan Massey	431,446	23,000	1.38%
Peter S. Redding	5,613	0	*
James E. Rogers	25,411	0	*
James E. Ukrop	72,450	0	*
Anne Marie Whittemore	29,942	225	*
Craig R. Smith	180,290	1,393	*
Drew St.J. Carneal	117,842	2,572	*
F. Lee Marston	23,530	426	*
All Executive Officers and Directors as a group (25 persons)	2,706,219	62,012	8.19%

\*Represents less than 1% of the total number of shares outstanding.

(1) Includes 985,694 shares which certain officers and directors of the Company have the right to acquire through the exercise of stock options within 60 days following March 1, 2000. Stock options exercisable within 60 days of March 1, 2000 for each of the Named Executive Officers are as follows: Mr. Minor 242,000, Mr. Smith 141,250, Mr. Berling 105,000, Mr. Carneal 77,700, Mr. Marston 17,600

(2) Includes: (a) shares held by certain relatives or in estates; (b) shares held in various fiduciary capacities; (c) shares held by the 401(k) plan; and (d) shares for which the shareholder has shared power to dispose or to direct disposition. These shares may be deemed to be beneficially owned under the rules and regulations of the SEC, but the inclusion of such shares in the table does not constitute an admission of beneficial ownership.

## EXECUTIVE COMPENSATION

### SUMMARY COMPENSATION TABLE

This table shows for each of the past three years the compensation paid by the Company to its five most highly compensated officers (Named Executive Officers).

Name and Principal Position	Year	Annual Compensation			Long-Term Compensation (1)		
		Salary (\$)	Bonus (\$)	Other Annual Compensation (\$)(2)	Awards		
					Restricted Stock Awards (\$)(3)	Securities Underlying Options (#)(4)	All Other Compensation (\$)(5)
G. Gilmer Minor, III Chairman & Chief Executive Officer	1999	\$518,071	\$ 0	--	\$215,004	55,000	\$34,523
	1998	503,462	118,125	--	239,532	50,000	36,724
	1997	476,926	110,000	--	227,500	50,000	35,921
Craig R. Smith President, Chief Operating Officer	1999	321,392	0	--	19,827	50,000	18,735
	1998	266,676	65,314	--	60,202	25,000	18,807
	1997	262,062	64,974	--	47,380	20,000	17,978
Henry A. Berling Executive Vice President, Partnership Development	1999	283,346	0	--	63,362	25,000	19,876
	1998	266,676	61,145	--	70,873	25,000	21,199
	1997	256,369	60,996	--	68,289	25,000	20,706
Drew St.J. Carneal Senior Vice President General Counsel & Secretary	1999	195,133	0	--	35,245	18,000	5,006
	1998	182,630	47,549	--	40,417	15,000	5,006
	1997	178,800	41,860	--	37,765	15,000	4,791
F. Lee Marston Senior Vice President, Chief Information Officer (6)	1999	197,613	0	--	5,000	5,000	18,595
	1998	189,072	38,427	--	12,504	8,000	16,913
	1997	131,539	57,435	--	7,763	10,000	0

(1) The Company has no Long-Term Incentive Plans as defined by applicable SEC rules.

(2) None of the Named Executive Officers received Other Annual Compensation in excess of the lesser of \$50,000 or 10% of combined salary and bonus for fiscal years 1999, 1998 or 1997.

(3) Of the total Restricted Stock awards for 1999, \$5,000 of restricted stock (602 shares) was granted to each Named Executive Officer as an incentive award (to vest if the officer remains an employee of the Company for one year), and the following amounts were awarded to the Named Executive Officer for achieving his stock ownership requirement under the Management Equity Ownership Program (MEOP):

Mr. Minor	\$210,004
Mr. Smith	\$ 14,827
Mr. Berling	\$ 58,362

Mr. Carneal	\$30,245
Mr. Marston	\$ 0

Aggregate restricted stock holdings and values at December 31, 1999 for the Named Executive Officers are as follows:

Mr. Minor	54,169 shares, \$484,135
Mr. Smith	8,709 shares, \$ 77,837
Mr. Berling	15,680 shares, \$140,140

Mr. Carneal	8,525 shares, \$76,192
Mr. Marston	1,328 shares, \$11,869

Dividends are paid on restricted stock at the same rate as all shareholders of record.

(4) No SARs were granted in 1999, 1998 or 1997.

(5) Includes for each officer Company contributions or benefits attributable in 1999 to the following:

	401(k) Plan	Stock Purchase Plan	Company-Owned Life Insurance
Mr. Minor	\$5,000	\$720	\$28,803
Mr. Smith	5,000	431	13,304
Mr. Berling	5,000	0	14,876
Mr. Carneal	4,286	720	0
Mr. Marston	4,286	0	14,309

In addition, Mr. Minor was granted a performance award in lieu of a 1999 salary increase pursuant to which he will be issued 10,000 shares of common stock if, within two years of the award date, the common stock closes on the New York Stock Exchange at a price equal to or greater than \$18.00 per share.

(6) Mr. Marston joined the Company on March 27, 1997.

## 1999 OPTION GRANTS

This table shows options granted during 1999 to the Named Executive Officers. The Company granted no SARs during 1999.

Name	Individual Grants(1)			Value(2)	
	Number of Securities Underlying Options Granted	% of Total Options Granted to Employees in Fiscal Year	Exercise or Base Price (\$/Share)	Expiration Date	Grant Date Present Value (\$)
G. Gilmer Minor, III	55,000	9.70%	\$14.375	2/01/09	\$239,250
Craig R. Smith	30,000	5.29%	14.375	2/01/09	130,500
	20,000	3.52%	10.000	4/28/09	87,000
Henry A. Berling	25,000	4.41%	14.375	2/01/09	108,750
Drew St.J. Carneal	18,000	3.18%	14.375	2/01/09	78,300
F. Lee Marston	5,000	0.88%	14.375	2/01/09	21,750

(1) The vesting schedule is as follows: 40% , 30% and 30% on first, second and third anniversary of grant date.

(2) Based upon Black Scholes option valuation model. Assumptions include a risk-free interest rate of 6.4%, annual dividend yield of 2.0%, an average period outstanding of 3.6 years and expected volatility of approximately 35.3%.

## 1999 OPTION EXERCISES AND YEAR-END OPTION VALUES

This table shows for the Named Executive Officers any options exercised during 1999 and unexercised options held on December 31, 1999. There were no SARs exercised during 1999 or outstanding on December 31, 1999. Value of unexercised options is calculated using the difference between the option exercise price and \$8.9375 (year-end stock price) multiplied by the number of shares underlying the option.

Name	Shares Acquired Upon Exercise		Number of Securities Underlying Unexercised Options at Year End		Value of Unexercised In-the-Money Options at Year End	
	Value	Realized	Exercisable	Unexercisable	Exercisable	Unexercisable
G. Gilmer Minor, III	0	\$ 0	190,000	100,000	*	*
Craig R. Smith	0	0	107,750	71,000	*	*
	0	0	80,000	47,500	*	*
Drew St.J. Carneal	0	0	61,500	31,500	*	*
F. Lee Marston	0	0	10,200	12,800	*	*

\*There were no outstanding in-the-money options as of December 31, 1999.

## RETIREMENT PLANS

Pension Plan. The Company provides retirement benefits under a defined benefit pension plan to substantially all employees who had earned benefits as of December 31, 1996. Benefits under the pension plan are based upon both length of service and compensation and are determined under a formula based on an individual's earnings and years of credited service. Funding is determined on an actuarial basis. Effective December 31, 1996, participants in the pension plan ceased to accrue additional benefits; provided, however, that participants who had completed at least five years of service as of January 1, 1997 and whose age plus years of service equaled at least 65 continue to earn an accrued benefit until the earlier of (i) December 31, 2001 or (ii) retirement, death or termination of employment (with the exception of certain highly compensated employees if the pension plan does not meet certain coverage requirements of the Internal Revenue Code).

The following table shows estimated annual benefits payable under the pension plan at normal retirement age of 65 years based on the specified remuneration and years of service:

Average Compensation(1)	Average Straight Life Annuity Benefits Based on Years of Credited Service				
	15 yrs.	20 yrs.	25 yrs.	30 yrs.	35 yrs.
200,000	32,055	41,674	51,293	60,912	70,531
250,000	36,265	48,364	60,462	72,561	84,660
300,000	39,736	54,315	68,893	83,472	98,050
350,000	43,208	60,266	77,325	94,383	111,441
400,000	46,680	66,218	85,756	105,294	124,832
450,000	50,151	72,169	94,187	116,205	130,000
500,000	53,623	78,121	102,618	127,116	130,000
550,000	57,095	84,072	111,049	130,000	130,000
600,000	60,566	90,023	119,480	130,000	130,000
650,000	64,038	95,975	127,911	130,000	130,000
700,000	67,510	101,926	130,000	130,000	130,000
750,000	70,981	107,878	130,000	130,000	130,000
800,000	74,453	113,829	130,000	130,000	130,000

(1) Average compensation represents compensation based upon a benefit formula applied to an employee's career average earnings, which approximates the amount of salary set forth in the Summary Compensation Table. The maximum amount of covered compensation is \$160,000, or some other amount as may be determined by the Secretary of Treasury pursuant to Section 401(a)(17) of the Internal Revenue Code.

Benefits are computed on a straight-life annuity basis, and are not subject to offset for Social Security benefits or other amounts. The years of service credited for the Named Executive Officers under the pension plan are presently as follows: Mr. Minor, 34 years; Mr. Smith, 7 years; Mr. Berling, 31 years; Mr. Carneal, 9 years; and Mr. Marston, 0 years.

Supplemental Executive Retirement Plan. The Company provides supplemental retirement benefits to certain employees selected by the Compensation & Benefits Committee under the Supplemental Executive Retirement Plan (SERP). The SERP entitles participants to receive a specified percentage of the participant's average base monthly salary during the five years preceding his or her retirement (in the case of the Named Executive Officers, 65%) reduced by the benefit payable under the pension plan, Social Security and any defined benefit pension plan of a prior employer. The estimated annual benefits payable under the SERP upon retirement at normal retirement age for the Named Executive Officers are: Mr. Minor \$237,944, Mr. Smith \$144,883, Mr. Berling \$110,092, Mr. Carneal \$84,355, Mr. Marston \$106,690.

## **REPORT OF THE COMPENSATION & BENEFITS COMMITTEE**

The Compensation & Benefits Committee (Compensation Committee) is comprised of five outside directors who are not current or past employees of the Company. The Compensation Committee's primary functions are to:

- . oversee the design and competitiveness of the Company's total compensation program,
- . evaluate the performance of the Company's senior executives and approve related compensation actions, and
- . administer the Company's compensation plans for officers.

The Compensation Committee met five times during 1999.

### **Executive Compensation Philosophy**

The Compensation Committee's philosophy is to:

- . establish and maintain programs and practices that promote achievement of the Company's strategic objectives,
- . provide rewards that reflect the Company's performance, and
- . align executives' financial interests with those of shareholders.

To accomplish this, compensation for executives is based on measures of the Company's financial performance and strategic results that should translate to increased shareholder value.

The Compensation Committee also strives to maintain market competitive compensation levels. To meet this objective, the Compensation Committee evaluates executive compensation levels through comparisons to the peer companies included in the performance graph of this proxy statement, and other companies of similar size and operating characteristics. Base salaries are targeted at competitive market median for like experienced executives. Annual incentive compensation opportunities, when combined with base salaries, are intended to fully reach competitive median total cash compensation levels as warranted by the Company's and the individual officer's performance. Longer-term incentive compensation opportunities, such as stock options and restricted stock, link executive compensation with achievement of strategic objectives and shareholder value growth. This combination is intended to focus management on the annual and longer-term success of the Company.

The Compensation Committee recognizes that sometimes it is necessary to sacrifice short-term financial performance to obtain longer-term business success. The Compensation Committee regularly monitors the balance between annual and longer-term rewards and acts as needed to encourage meaningful levels of share ownership among executives. The Management Equity Ownership Program (MEOP) adopted in 1997 for the Company's officers further aligns the interests of executives and shareholders.

### **Committee Process and Compensation Administration**

In deciding base salary levels, incentive payments and granting of stock options and restricted stock, the Compensation Committee looks to the Chief Executive Officer for recommendations on senior executives. The Compensation Committee meets privately, without the presence of management, including the Chief Executive Officer, to determine compensation actions for the Chief Executive Officer. To maintain the desired level of competitiveness and technically sound compensation and benefit programs, the Compensation Committee obtains input from the Company's Human Resources Department and periodically from outside advisors.

#### **Base Salary**

In 1999 the Chief Executive Officer received no increase in base salary. In lieu of a base salary increase, the Chief Executive Officer will receive a performance-based stock award of 10,000 shares of common stock, if the stock price is at or above \$18.00 per share on or before April 28, 2001. The other four Named Executive Officers' base salaries were adjusted in 1999 to maintain competitive pay levels consistent with the Compensation Committee's compensation philosophy. Mr. Smith was promoted from Executive Vice President for Operations to President in 1999, and his base salary was increased to a level appropriate for the President position. Base salaries for the other three Named Executive Officers increased an average of 4.9% over 1998 levels.

## **Annual Incentive**

Each year the Compensation Committee meets to review key aspects of the upcoming year's business plan and establish Annual Incentive Plan goals for each corporate officer, including the Chief Executive Officer. Goals under this plan are weighted to reflect their importance and contribution to Company performance and therefore shareholder experience.

The 1999 Annual Incentive Plan goals for named executives included a minimum net income goal, Company results measured by revenue growth and profitability, as well as pre-established personal performance objectives. These goals were weighted three-fourths on revenue growth and profitability performance and one-fourth on personal performance objectives for the Named Executive Officers; provided that payout on any financial or personal performance goal achieved was contingent upon meeting the minimum net income goal. The Compensation Committee receives periodic updates during the year on business performance in relation to incentive plan goals, particularly with respect to senior executives.

At the close of each year, the Compensation Committee meets to discuss performance compared to Annual Incentive Plan goals and longer-term strategic business goals. These longer-term business goals center around the Company's strategic objectives to remain customer oriented in everything it does and to actively evolve its business consistent with the service needs of customers and the Company's markets.

For 1999 the Company showed a moderate increase in sales to \$3.19 billion from \$3.08 billion in 1998. Excluding the effects of the restructuring charge taken in 1998 and the related credit taken in 1999, net income increased to \$27.4 million in 1999, compared to \$26.8 million in 1998. Net income per diluted common share, excluding the effects of the restructuring charge and related credit, was \$0.80, compared to \$0.75 in 1998.

The target cash award payable under the Company's Annual Incentive Plan to the Chief Executive Officer for meeting targeted Company financial and personal performance goals was 44% of his base salary. Although the Company showed growth in revenues and profitability for 1999 and many personal performance objectives were achieved, the minimum net income goal was not met. Therefore, the Named Executive Officers, including the Chief Executive Officer, received no bonus under the Company's Annual Incentive Plan. All Named Executive Officers did receive a one-time award of \$5,000 in common stock to recognize achievement of specific fourth quarter performance objectives. The shares are restricted and vest provided the officer remains an employee of the Company for one year.

Under the Company's Annual Incentive Plan, executives are also eligible to receive a bonus of common stock equivalent to an additional 25% of the cash incentive payment. The shares are restricted and vest provided the officer remains an employee of the Company for the following three years. The restricted stock bonus for Named Executive Officers is dependent on performance against the same goals as for the Annual Incentive Plan. Because no bonus was paid to the Named Executive Officers from the Company's Annual Incentive Plan, no common stock was earned by the Named Executive Officers under this provision of the Plan.

## **Long-Term Incentive Plan**

Each year the Compensation Committee considers granting awards under the Company's stock option plan. The plan provides for the use of non-qualified stock options, incentive stock options, restricted and performance-based awards, and stock appreciation rights. The Compensation Committee's decision to grant stock options is discretionary and largely determined by financial performance and strategic accomplishments, although there are no specific performance targets for this purpose. Option grant decisions may also be based upon outstanding individual performance, job promotions and greater responsibility within the Company.

Stock options are a key component of a competitive total compensation program. The Compensation Committee believes stock option grants have historically been effective in focusing executives on enhancing long-term profitability and shareholder value. The Compensation Committee granted 55,000 stock options to the Chief Executive Officer in 1999 to encourage future growth in shareholder returns. Grants were also provided to the other Named Executive Officers. The Compensation Committee does not specifically consider the number of options currently held by an officer in determining current option grant levels.

## **Management Equity Ownership Program**

As stated earlier, in 1997 the Compensation Committee approved the Management Equity Ownership Program (MEOP) for members of the management team, including each of the Named Executive Officers. This program is intended to strengthen the alignment of management and shareholder interests by creating meaningful levels of stock ownership by management. An ownership target has been determined for each level of the management team. These targets range from four times salary for the Chief Executive Officer to one times salary for Vice Presidents. Eligible holdings in meeting these targets include direct holdings, indirect holdings, shares held through Company plans such as the 401(k) Plan and Stock Purchase Plan and restricted stock holdings. To encourage ownership and help senior management meet their equity investment targets, participants may elect to receive a portion of their annual cash incentive award in restricted stock. The Company provides no loans to assist participants in meeting their ownership targets.

Participants are given a five-year period to reach the full target ownership amount with interim ownership targets to meet each year. As of December 31, 1999, the value of the stock owned by participants, in aggregate, well exceeded the aggregate full target ownership amount.

If a participant meets his or her target level of ownership, a 10% annual equity ownership dividend is paid on all common stock owned up to the participant's full target level. The dividend is paid in the form of restricted stock and will vest five years after grant if the desired ownership level is maintained. If a participant's ownership falls below the desired level, a portion of his or her annual bonus and/or salary increase, if earned, will be paid in the form of restricted stock and dividend shares will be forfeited until the target ownership level is met. During 1999, the Chief Executive Officer was granted an annual dividend of 23,497 restricted shares.

## **Corporate Tax Considerations**

Congress passed a law effective in 1994, covered in Section 162(m) of the Internal Revenue Code, that disallows corporate tax deductions for executive compensation in excess of \$1 million for "proxy table" executives. This law does allow for certain exemptions to the deduction cap, including pay plans that depend on formulas rather than discretion and therefore are "performance-based."

All current executive compensation is fully deductible. The Compensation Committee intends for the Company's pay plans and actions to be performance-based and therefore fully eligible for compensation expense deductions.

The foregoing report has been furnished by Mrs. Whittemore and Messrs. Henley, Redding, Rogers (Chairman) and Ukrop.

## **COMPARISON OF FIVE-YEAR AND TEN-YEAR CUMULATIVE TOTAL RETURN**

The following performance graphs compare the performance of the Company's common stock to the S&P 500 Index and a Peer Group (which includes the Company and the companies listed below) for the last five and ten years. We revised our Peer Group this year because two members of the group were acquired during 1999, and we wanted the group to be more representative of product distribution within the healthcare industry as opposed to distribution generally. Therefore, we have deleted companies from the Peer Group that do not conduct business in healthcare product distribution and added four companies that engage in healthcare product distribution. In addition, to provide a more balanced view of the Company's historical stock performance, we are providing performance graphs for both a five-year and ten-year horizon.

## 10-YEAR TOTAL SHAREHOLDER RETURN

This graph assumes that the value of the investment in the common stock and each index was \$100 on December 31, 1989 and that all dividends were reinvest- ed.

[GRAPH]

	Dec-89	Dec-90	Dec-91	Dec-92	Dec-93	Dec-94	Dec-95	Dec-96	Dec-97	Dec-98	Dec-99
Owens & Minor, Inc.	100	120	246	272	429	403	366	299	429	473	275
S&P 500	100	97	126	136	150	152	209	256	342	440	532
New Industry Peer Index(1)	100	110	122	141	177	159	222	271	398	582	284
Old Industry Peer Index(2)	100	103	121	156	193	197	264	348	470	598	382

## 5-YEAR TOTAL SHAREHOLDER RETURN

This graph assumes that the value of the investment in the common stock and each index was \$100 on December 31, 1994 and that all dividends were reinvest- ed.

[GRAPH]

	Dec-94	Dec-95	Dec-96	Dec-97	Dec-98	Dec-99
Owens & Minor, Inc.	100	91	74	106	117	68
S&P 500	100	138	169	226	290	351
New Industry Peer Index(1)	100	140	171	250	366	178
Old Industry Peer Index(2)	100	134	177	239	304	194

[\*Graphs prepared by William M. Mercer, Incorporated]

(1) The New Peer Group selected for purposes of the performance graphs consists of companies engaged in the business of healthcare product distribution and includes Owens & Minor, Inc., AmeriSource Health Corporation, Bergen Brunswick Corporation, Bindley Western Industries, Inc., Cardinal Health, Inc., Henry Schein Inc., McKesson HBOC, Inc., Moore Medical Corp. and PSS World Medical, Inc.

(2) The Old Peer Group, also shown for comparison purposes, consists of certain companies engaged in healthcare product distribution and non-healthcare related distribution and includes Owens & Minor, Inc., Arrow Electronics, Inc., Bergen Brunswick Corporation, Bindley Western Industries, Inc., Cardinal Health, Inc., Hughes Supply, Inc., Moore Medical Corp., Nash Finch Co., Richfood Holdings, Inc., United Stationers Inc. and VWR Scientific Products Corp.

## **SEVERANCE AGREEMENTS**

The Company has entered into Severance Agreements with certain officers in order to encourage key management personnel to remain with the Company and to avoid distractions regarding potential or actual changes in control of the Company.

The Severance Agreements provide for the payment of a severance benefit if the officer's employment with the Company is terminated for any reason (other than as a consequence of death, disability or normal retirement) within two years after a change in control. For the Named Executive Officers, the severance benefit is equal to 2.99 times the officer's annual base salary plus bonus.

Each Severance Agreement continues in effect through December 31, 2000, and unless notice is given to the contrary, the term is automatically extended for an additional year at the end of each year.

March 13, 2000

**By Order of the Board of Directors**

**DREW ST. J. CARNEAL**  
Senior Vice President,  
General Counsel & Secretary

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Directions to Owens & Minor, Inc. Annual Meeting of Shareholders Tuesday, April 25, 2000 -- 10:00 a.m.

Crestar Bank Building  
919 East Main Street  
Richmond, Virginia

[GRAPHIC MAP]

**Suggested Parking**

- (1) Standard Parking surface lot on south side of Cary Street between 8th and 9th Streets.
- (2) Standard Parking surface lot on north side of Cary Street at 8th and Cary.
- (3) Standard Parking surface lot on east side of 8th Street between Main and Cary Streets.
- (4) Crestar Bank Building parking deck on Cary Street beyond 9th Street.

If you park in one of the above lots, please bring your parking ticket to the meeting and we will provide validation stickers.

**OWENS & MINOR, INC.**

**PROXY**

**Solicited by the Board of Directors for the Annual Meeting of Shareholders**

The undersigned hereby appoints Vernard W. Henley, G. Gilmer Minor, III and Peter S. Redding (and if the undersigned is a proxy, the substitute proxy) and each of them with power of substitution, the proxies of the undersigned to vote all shares held of record on March 1, 2000 by the undersigned as directed on the reverse side and in their discretion on all other matters which may properly come before the Annual Meeting of Shareholders of Owens & Minor, Inc., to be held on April 25, 2000 at 10:00 A.M. at the Crestar Bank Building, 919 E. Main Street, Richmond, Virginia, and any adjournments or postponements thereof.

The undersigned directs said proxies to vote as specified upon the items shown herein which are referred to in the Notice of Annual Meeting and as set forth in the Proxy Statement.

This Proxy, when properly executed, will be voted in the manner directed by the undersigned shareholder(s). If no direction is made, this Proxy will be voted FOR Proposals 1 and 2.

(Continued and to be dated and signed on the reverse side.)

**OWENS & MINOR, INC.  
P.O. BOX 11421  
NEW YORK, N.Y. 10203-0421**

If Mailing Your Proxy, Please Detach Here

You Must Detach This Portion of the Proxy Card Before Returning it in the Enclosed Envelope

The Board of Directors recommends a vote FOR Proposals 1 and 2.

1. Election of Directors FOR all nominees  WITHHOLD AUTHORITY to vote for all nominees  FOR ALL EXCEPT nominee(s) marked in space below

For a term of three years: Josiah Bunting, III, John T. Crotty, James E. Rogers and James E. Ukrop.

(INSTRUCTIONS: To withhold authority to vote for any individual nominee(s), mark the "FOR ALL EXCEPT" box and write the nominee's (s') name(s) in the space provided below. Your shares will be voted for the remaining nominee(s).)

2. Ratification of appointment of KPMG LLP as independent auditors.

FOR  AGAINST  ABSTAIN

3. In their discretion, the proxies are authorized to vote upon such other matters as may properly come before the meeting.

**Change of Address and or Comments Mark Here**

Please sign exactly as your name appears herein. Attorneys-in-fact, executors, administrators, trustees and guardians should give full title as such. If a corporation, please sign in full corporate name by President or other authorized officer. If a partnership, please sign in partnership name by authorized person. Shareholders who are present at the meeting may withdraw their proxy and vote in person if they so desire.

Dated: \_\_\_\_\_, 2000

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**Signature**

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**Signature**

Votes must be indicated (x) in Black or Blue ink. [X]

(Please sign, date and return this proxy in the enclosed postage prepaid envelope.)

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**End of Filing**

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