OWENS & MINOR INC/VA/
Form 11-K
June 15, 2012
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 11-K

FOR ANNUAL REPORTS OF EMPLOYEE STOCK

PURCHASE, SAVINGS AND SIMILAR PLANS PURSUANT TO

SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

(Mark One)

x **ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.**

For the fiscal year ended: December 31, 2011

OR

¨ **TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.**

For the transition period from to .

Commission file number 1-9810.

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

Owens & Minor 401(k) Savings and Retirement Plan

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

Owens & Minor, Inc.

9120 Lockwood Blvd.

Mechanicsville, Virginia 23116

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OWENS & MINOR

401(k) SAVINGS AND RETIREMENT PLAN

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Report of Independent Registered Public Accounting Firm

The Compensation and Benefits Committee

Owens & Minor, Inc.:

We have audited the accompanying statements of net assets available for benefits of the Owens & Minor 401(k) Savings and Retirement Plan (the Plan) as of December 31, 2011 and 2010, and the related statements of changes in net assets available for benefits for the years then ended. These financial statements are the responsibility of the Plan s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). 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, 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 financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2011 and 2010, and the changes in net assets available for benefits for the years then ended in conformity with U.S. generally accepted accounting principles.

Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule H, line 4i schedule of assets (held at end of year) is presented for the purpose of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by the Department of Labor s Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The supplemental schedule is the responsibility of the Plan s management. The supplemental schedule has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Richmond, Virginia

June 15, 2012

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Owens & Minor

401(k) SAVINGS AND RETIREMENT PLAN

Statements of Net Assets Available for Benefits

December 31, 2011 and 2010

	2011	2010
Investments at fair value:		
Mutual funds	$ 145,442,899	$ 145,068,065
Common collective trust funds	33,916,547	30,812,332
Common stock	10,934,873	11,559,957
Cash equivalents		264,358
Total investments	190,294,319	187,704,712
Receivables:		
Notes receivable from participants	8,301,297	7,730,723
Participant contributions	630,320	612,812
Employer contributions	2,633,388	2,611,102
Dividends and interest		1,726
Other	2,855	
Total receivables	11,567,860	10,956,363
Assets available for benefits at fair value	201,862,179	198,661,075
Liabilities:		
Administrative expenses payable		2,812
Total liabilities		2,812
Net assets available for benefits at fair value	201,862,179	198,658,263
Adjustment from fair value to contract value for fully benefit-responsive investment contracts	(837,398)	(250,527)
Net assets available for benefits	$ 201,024,781	$ 198,407,736

See accompanying notes to financial statements.

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Owens & Minor

401(k) SAVINGS AND RETIREMENT PLAN

Statements of Changes in Net Assets Available for Benefits

Years Ended December 31, 2011 and 2010

	2011	2010
Additions to assets attributed to:		
Investment income:		
Net (depreciation) appreciation in fair value of investments	$ (7,470,721)	$ 15,122,601
Interest	766,085	751,139
Dividends	3,658,219	3,300,067
	(3,046,417)	19,173,807
Contributions:		
Employer	9,729,408	9,359,137
Participant	15,137,833	15,774,184
	24,867,241	25,133,321
Total additions	21,820,824	44,307,128
Deductions from assets attributed to:		
Benefits paid to participants	19,096,381	16,940,700
Administrative expenses	107,398	105,269
Total deductions	19,203,779	17,045,969
Net increase	2,617,045	27,261,159
Net assets available for benefits:		
Beginning of year	198,407,736	171,146,577
End of year	$ 201,024,781	$ 198,407,736

See accompanying notes to financial statements.

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Owens & Minor

401(k) SAVINGS AND RETIREMENT PLAN

Notes to Financial Statements

December 31, 2011 and 2010

(1) Description of the Plan

The following brief description of the Owens & Minor 401(k) Savings and Retirement Plan (the Plan) is provided for general information purposes only. Participants should refer to the plan document for more complete information.

(a) General

The Plan is a defined contribution plan that is available to substantially all full-time and part-time plus (24+ hours per week) teammates of Owens & Minor, Inc. (the Employer) and certain of its subsidiaries, who have completed one month of service and have attained age 18. It is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended (ERISA).

The assets of the Plan are held in trust under an agreement with Fidelity Management Trust Company (the Trustee), with administrative services provided by Fidelity Investments Institutional Operations Company, Inc. (FIIOC), a wholly-owned subsidiary of FMR, LLC.

(b) Contributions

The Plan allows participants to contribute up to 50% of their eligible compensation (up to $16,500 for 2011). Participants who have attained age 50 before the end of the year are eligible to make catch-up contributions (up to $5,500 for 2011). The Employer makes matching contributions of 100% of the first 4% of compensation that a participant contributes to the Plan. Also under the Plan, the Employer contributes 1% of compensation (subject to certain limitations as defined in the plan document) to each participant employed on the last day of the Plan year who has worked at least 1,000 hours during the year. The Employer may also make a profit sharing contribution to the Plan, at the discretion of the Employer s Board of Directors. The Employer may increase or decrease its matching contributions at its discretion, on a prospective basis.

(c) Participant Accounts

Each participant s account is credited with the participant s contribution, the Employer s contributions, and an allocation of earnings thereon. Allocations are based on account balances as defined by the Plan. Forfeited balances of terminated participants nonvested accounts are used to reduce current year employer contributions. Employer contributions were reduced by $93,449 and $138,197 from forfeited nonvested accounts in 2011 and 2010, respectively. The benefit to which a participant is entitled is the benefit that can be provided from the participant s vested account.

(d) Investment Options

Participants in the Plan currently have 25 options available to them with respect to how their participant and employer contributions are invested. Participants can elect to have contributions allocated in 1% increments to the following investments: Owens & Minor, Inc. common stock fund, twenty-three mutual funds, and a common collective trust fund. During 2011, the Plan adjusted its investment offerings to provide participants a wider range of investment options. As part of this change, certain investment options were discontinued, and the participants interests in these securities were exchanged for shares of new investment options. Participants who were invested in the Managed Income Portfolio, a common collective trust, were allowed to maintain their interest but were no longer able to make contributions to the fund. Effective June 1, 2012, the Managed Income Portfolio was no longer available under the Plan and all existing balances were transferred to the Wells Fargo Stable Return Fund Class M.

The investment options offered by the Plan provide for a range of investment objectives, including growth, growth and income, and income and capital stability. Investment in the Owens & Minor, Inc. common stock fund is limited to 20% of the employee s account balance.

(e) Vesting and Withdrawals

Participants are immediately vested in their voluntary contributions and employer matching contributions plus actual earnings thereon. Effective January 2, 2007, unvested Employer 1% contributions and discretionary profit sharing contributions become fully vested after three years of credited service. The Plan allows certain terminated participants to become 100% vested in their accounts.

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On termination of service due to death, disability or retirement, a participant may elect to receive either a lump-sum amount equal to the value of his or her vested account or payment in annual installments not to extend past the lives or life expectancies of the participant and spouse as determined in accordance with Internal Revenue Code (IRC) Section 401(a)(9)(A). In the case of hardship, a participant may apply for a distribution as described in the plan document.

(f) Participant Loans

Participants may borrow from their vested interests in the Plan for a minimum of $1,000 and a maximum of 50% of their vested balance or $50,000, whichever is less.

A loan s term may not exceed five years, or fifteen years if the proceeds are used exclusively to purchase a principal residence. The interest rate charged is the U.S. Prime Rate plus 1%.

(g) Interfund Transfers

Under the provisions of the Plan, a participant may elect to have the value of his or her participant account attributable to a particular investment fund liquidated and transferred to any of the other available investment funds in 1% increments.

(h) Plan Termination

Although it has not expressed any intent to do so, the Employer has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of plan termination, participants will become 100% vested in their accounts.

(2) Summary of Significant Accounting Policies

The following are the significant accounting policies followed by the Plan:

(a) Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting. Significant events occurring after the balance sheet date and prior to the issuance of the financial statements are monitored to determine the impacts, if any, of events on the financial statements to be issued.

(b) Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

(c) New Accounting Pronouncements

In 2011, the Financial Accounting Standards Board (FASB) issued an Accounting Standards Update (ASU) for fair value measurement. This update amends and clarifies certain measurement principles and disclosure requirements for fair value measurement. The Plan will adopt this guidance prospectively when it becomes effective in the first quarter of 2012. The adoption of this guidance is not expected to have an impact on the Plan s net assets available for benefits.

(d) Investments

The Plan s investments, including its investments in common collective trust funds which hold fully benefit-responsive investment contracts, are stated at fair value. However, contract value is the relevant measurement attribute for that portion of the net assets available for benefits of a defined-contribution plan attributable to fully benefit-responsive investment contracts because contract value is the amount the participants would receive if they were to initiate permitted transactions under the terms of the Plan. Therefore, the statements of net assets available for benefits present the fair value of the investment contracts as well as the adjustment of the fully benefit-responsive investment contracts from fair value to contract value. The statements of changes in net assets available for benefits are prepared on a contract value basis.

Quoted market prices are used to value investments in mutual funds, which are publicly traded funds of registered investment companies, and common stock. The fair value of the common collective trust funds are valued at our proportional interest in the net asset value of the fund as determined by using estimated fair value of the underlying assets held in the fund. Net asset value is used as a practical expedient for fair value. Contract value of fully benefit-responsive contracts is equal to principal balance plus accrued interest.

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Purchases and sales of common stock are recorded on a settlement date basis. The recording of these transactions on a trade date basis would not have a material impact on the accompanying financial statements. Cost of investments sold is determined on the first-in, first-out (FIFO) method. Dividends are recorded on the ex-dividend date.

The Plan s investments, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility risks. In addition, due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of net assets available for benefits.

(e) Notes Receivable from Participants

Notes receivable from participants are valued at unpaid principal plus accrued interest. No valuation allowance is maintained for uncollectible loans receivable since, if the participant were to default, the participant s account would be reduced by the unpaid balance of the loan, and there would be no effect on the plan s investment returns or any other participant s account balance.

(f) Administrative Expenses

Substantially all of the Plan s administrative expenses are paid by the Plan.

(3) Fair Value Measurements

Fair value is determined based on assumptions that a market participant would use in pricing an asset or liability. The assumptions used are in accordance with a three-tier hierarchy, defined by GAAP, that draws a distinction between market participant assumptions based on (i) observable inputs such as quoted prices in active markets (Level 1), (ii) inputs other than quoted prices in active markets that are observable either directly or indirectly (Level 2) and (iii) unobservable inputs that require the Plan to use present value and other valuation techniques in the determination of fair value (Level 3).

There were no transfers of Plan investments between Levels 1 and 2 during 2011 or 2010. As of December 31, 2011, the Plan s investments measured at fair value were as follows:

	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Mutual funds:				
Growth funds	$ 60,812,152	$	$	$ 60,812,152
Balanced funds	63,367,077			63,367,077
Fixed income funds	14,209,124			14,209,124
Value funds	7,054,546			7,054,546
Total mutual funds	145,442,899			145,442,899
Common collective trust funds		33,916,547		33,916,547
Common stock	10,934,873			10,934,873
Total investments	$ 156,377,772	$ 33,916,547	$	$ 190,294,319

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As of December 31, 2010, the Plan s investments measured at fair value were as follows:

	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Mutual funds:				
Growth funds	$ 65,823,229	$	$	$ 65,823,229
Balanced funds	59,979,152			59,979,152
Fixed income funds	12,323,001			12,323,001
Value funds	6,942,683			6,942,683
Total mutual funds	145,068,065			145,068,065
Common collective trust fund		30,812,332		30,812,332
Common stock	11,559,957			11,559,957
Cash equivalents	264,358			264,358
Total investments	$ 156,892,380	$ 30,812,332	$	$ 187,704,712

(4) Investments

The following presents investments that represent 5% or more of the Plan s net assets available for benefits as of December 31, 2011 and 2010:

Description	December 31, 2011	2010
Mutual funds:		
Fidelity Contrafund	$ 40,177,201	$ 41,859,276
PIMCO Total Return II Administration	14,209,125	12,323,001
Fidelity Freedom K 2025	11,410,223	
Fidelity Freedom K 2020	11,152,333	
Fidelity Freedom 2025		10,951,010
Fidelity Freedom 2020		10,550,846
Common collective trust fund:		
Fidelity Managed Income Portfolio	32,609,832	30,812,332
Common stock:		
Owens & Minor, Inc.	10,934,873	11,559,957

During 2011 and 2010, the Plan s investments (including investments bought, sold, as well as held during these years) changed in value as follows:

	Year Ended December 31, 2011	2010
Mutual funds	$ (6,872,141)	$ 14,798,581
Common stock	(602,127)	