

Complementary Summary of Q4 2008 Financial Results January 29, 2009

This complementary financial and statistical information will include forward-looking statements subject to risks, uncertainties and other factors that could cause actual results to differ materially from those expressed or implied. For a more detailed description of the risks that impact these forward-looking statements, please refer to the information under the heading "Risk Factors" and under the heading "Management's Discussion and analysis of financial condition and results of operations" in the Omnicell annual report on Form 10-K filed with the SEC on March 14, 2008, as well as our more recent filings with the SEC. Please be aware that you should not place undue reliance on any forward-looking statements made today.

Fourth quarter Revenue met objectives and profit exceeded expectations. However, order volume was less than expected and global economic conditions caused major new customers to slow their acquisition processes.

Backlog, which consists of firm orders due to complete installation within one year, was \$110 million, considerably short of expectations. While two large contracts and orders with the Duke University Health System and with Emory Healthcare were received in January, we believe that the economic environment that is causing our customers to postpone their acquisition decisions will continue well into 2009 and we will experience delays in closing contracts. We do not see our competitive position changing, we do not see a loss of market share, and we do not see fewer Greenfield or competitive swap out opportunities in our pipeline of potential orders for 2009. In the fourth quarter, 30% of our orders came from New Customers. New customers are comprised of a combination of competitive conversions and "Greenfield" accounts, or accounts installing automation for the first time. The split between Greenfield and competitive conversions was about 50/50. The new customer volume continues to be broad-based and was not driven by any one particular new customer. Orders from New Customers comprised 33% of our total orders for all of 2008. We continued to see development of our international business, with orders from Europe, Asia, and the Middle East in Q4. We believe international opportunities are a good source of growth for us and expect international orders to increase to be up to 5% of our orders in 2009. The credit markets were challenging for some of our leasing partners during the quarter, but we continued to shift our business to other leasing partners that are not as challenged by the current markets. We were able to obtain financing for all customers that were ready to place an order with us in the fourth quarter and needed credit. Providing financing alternatives to our customers remains an important part of our business and one that we have, so far, been able to manage with no disruption to the sales process. We did see a delay in collections in the fourth quarter due to the transition to new leasing partners, which drove our receivables balance higher than it has been historically. This is mostly a paperwork transition from customers who signed leasing documents with one partner at the time of placing an order, and are now signing documents with a new leasing partner at the time of installation. We expect this receivable issue to work itself through in Q109.

Financial Performance

Following this paragraph we discuss our financial performance in accordance with Generally Accepted Accounting Principles with year to year comparisons. We then discuss our performance excluding stock compensation expense. Stock compensation expense includes the estimated future value of employee stock options, restricted stock, and our employee stock purchase plan. Since stock compensation expense is a non-cash expense, we use financial statements internally that exclude stock-based compensation expense in order to measure some of our operating results. We use these statements in addition to GAAP financial statements, and we feel it is useful to investors to understand the non-cash stock compensation expenses that are a component of our reported results. In covering our results for the quarter, we will first discuss our

GAAP performance, and then we will discuss our non-GAAP financial performance without stock compensation expenses.

Revenue for the fourth quarter of fiscal 2008 was \$62.1 million, up 7% year-over-year but down \$2.3 million, or 4% from the third quarter of 2008. Revenue for the full year of 2008 was \$252 million, an 18% increase from 2007 revenue of \$213 million and consistent with our guidance.

GAAP

Net earnings after taxes were \$3.3 million, or \$0.10 per share which compares to \$14.3 million, or \$0.39 per share in Q4 2007. Net earnings for the full year of 2008 were \$12.7 million, or \$0.38 per share, which compares to \$43.3 million or \$1.28 per share in 2007. There are several one time tax impacts affecting both 2008 and the prior year. 2007 results were positively affected by one time tax benefits associated with the partial release of an allowance against our deferred tax assets that totaled \$7.2 million, or \$0.20 per share in Q4 2007 and \$20 million or \$0.59 per share for the full year of 2007. 2007 results were also positively affected by an overall effective tax rate, excluding the one time benefits of 4%, driven by utilization of net operating loss carry-forwards. In 2008, Omnicell no longer has the benefit of net operating loss carry-forwards and is fully taxed at statutory rates. However, results did include a benefit from a study of our utilization of tax credits which concluded in Q4. The study produced favorable results which cut our full year 2008 effective tax rate to 39% and produced an additional one time tax benefit of \$0.02 per share. We believe the availability of tax credits will continue through 2009 and now expect our effective tax rate in 2009 will be 40 to 42%.

Non-GAAP

Below we cover our non-GAAP results excluding stock compensation expenses and one time tax benefits. The only adjustment to GAAP results is the exclusion of stock compensation expense. Stock compensation expense includes the estimated future value of employee stock options, restricted stock, and our employee stock purchase plan. Since stock compensation expense is a non-cash expense, we use financial statements internally that exclude stock-based compensation expense in order to measure some of our operating results. We use these statements in addition to GAAP financial statements, and we feel it is useful for investors to understand the non-cash stock compensation expenses that are a component of our reported results. A full reconciliation of our GAAP to non-GAAP results is included in our press release and will be posted to our web site.

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Our Q408 non-GAAP net income was \$5.5 million, or \$0.17 per share, which exceeded analyst consensus by one cent per share. Our Q4 2008 non-GAAP net income was down \$4.8 million, or \$0.11 per share year to year from Q4 2007 non-GAAP income of \$10.2, million, or \$0.28 per share, driven primarily by becoming fully taxed in 2008. Full year 2008 non-GAAP net income was \$0.71 per share, compared to \$1.02 per share in 2007, driven again by the effective tax rate. These results exceeded our guidance range of \$0.65 to \$0.70.

EBITDA, or earnings before Interest, Taxes, Depreciation and Amortization, was \$7.9 million for the fourth quarter of 2008, down \$2.0 million, or 20% from the fourth quarter of 2007. For the full year of 2008 EBITDA was \$36.9 million, an increase of 9% from 2007.

For comparison purposes, here is our EBITDA history as conformed to the definition above and complete EBITDA table:

Q4 2007, \$ 9.9 million
Q1 2008, \$ 10.0 million
Q2 2008, \$ 9.8 million,
Q3 2008, \$ 9.2 million,
Q4 2008, \$ 7.9 million

Our balance sheet remains strong. Our cash and short term investments were \$120 million at the end of Q4 2008, a decrease of \$5M from last quarter. Our Days Sales Outstanding were 86, an increase of 16 days, driven by the transition to new leasing partners we mentioned earlier. Our receivables are very current and we view the receivable increase as short term. All other results of operations outside of receivables generated \$5 million in cash flow, partially offsetting the increase in accounts receivable. Our Inventories were \$11.8, down \$1.9 million from Q308.

Business Discussion

We'd like to start by commenting on some of our recent customer wins. We continue to close significant new orders from some of the best healthcare facilities in the world. The Duke University Health System recently signed a contract for a full suite of medication automation products which includes our new SinglePointe solution, operating room systems, and automated dispensing systems. Emory Healthcare signed a system-wide contract for a wide range of products from central pharmacy to automated dispensing systems with our highest security solutions. We now count ten of the *US News and World Reports* fifteen top ranked hospitals in the United States as customers. Earlier this week we announced that the University of Florida Shands HealthCare will be utilizing our Operating Room Supply product, which is a complete physician preference card system and perpetual inventory management system for the operating room that significantly improves charge capture.

Customers such as Duke, Emory and Shands go through lengthy decision processes where all the competitive solutions are examined in detail, and we are very pleased to be chosen the supplier of their medication and surgical supply management solutions.

Over the last 60 days we've announced new products and our continued steps toward increased customer intimacy that will drive growth in Omnicell once the economic environment improves. We're disappointed with the order volume in Q4 2008, but we continue to position our company to take advantage of the available market when the economy recovers.

In December we announced further extensions to our product line with version 14.0 of our software. 14.0 provides significant enhancements to our operating room system for anesthesiologists including a case management solution that significantly reduces the workflow steps in managing drugs in the operating room setting, allowing increased flexibility that improves patient safety while maintaining the controls needed. Also included in the release is AnywhereRN, a solution that allows our automated dispensing systems to be managed from any computer workstation in the hospital. Among other benefits, this solution facilitates significantly improved controls in disposing of a drug.

Looking forward, we continue to see a pipeline that is robust, including excellent opportunities at large multi-hospital organizations and new opportunities in the international market. We don't have a lot of clarity on the speed that these opportunities will close, so we've set the operating level of the company consistent with the order volume we might expect. Earlier this week we

reduced our workforce to 744 regular employees. We also significantly reduced our temporary workforce. We did so with particular attention to minimizing the direct impact on our customer-facing field team in an effort to maintain continued high levels of customer satisfaction. While these are difficult decisions, we believe we are at the right level to maintain service to our customers and remain profitable and cash flow positive in these challenging times. We believe our solutions are important components of safety in healthcare today and regulatory agencies continue to impose increased safety requirements that drive broader adoption of medication management technology. We continue to believe that the majority of the hospitals in the United States have only partially implemented these types of medication management solutions and we're very confident in the long range prospects for Omnicell.

2009 Revenue and Profit Guidance

Our guidance for 2009 remains at the levels we discussed last week. We expect 2009 revenue to be between \$200 and \$210 million for the full year of 2009. We expect to take a one time charge associated with our reduction in workforce completed this week of approximately \$2.5 million. We expect \$0.30 to \$0.35 non-GAAP EPS, excluding stock compensation expense and excluding the one time charge. We will only see a partial benefit from the staff reduction in Q1 and expect Q1 profit to be in the range of \$0.04 to 0.06 per share, excluding stock compensation and the one time charge. We see a strong order pipeline with several larger purchases in process, but we do not yet know how the current economic conditions may affect the timing of those orders. At this point, we expect this revenue level to maintain backlog at \$110 million at the end of 2009. We expect to operate through the year with backlog within our stated objective of six to nine months of forward revenue.

Summary

To summarize, we believe demand for our products will return to the levels we have seen previously. We're profitable now and expect to continue to be profitable and cash flow positive in 2009. We are making the tough decisions to manage our expenses and making sure our leasing partnerships are in tact. And we continue to bring new, innovative products to market. Thanks for joining us on the call today.

Forward-Looking Statements

To the extent any statements contained in this release deal with information that is not historical, these statements are necessarily forward-looking, including statements related to the expected magnitude of the pre-tax restructuring charges associated with the reduction in force to be recorded in the first quarter of 2009 and our belief that we have taken the necessary steps to align our operating expenses with our business. As such, they are subject to the occurrence of many events outside Omnicell's control and are subject to various risk factors that could cause actual results to differ materially from those expressed or implied in any forward-looking statement. The risk factors are described in the Company's Securities and Exchange Commission (SEC) filings and include, without limitation, the actual realization of the intended savings resulting from the reduction in force and the effect on Omnicell's financial results, including the expense estimates used, the unfavorable general economic and market conditions, the tightening in the credit market, the continued growth and acceptance of our products and services and the continued growth of the clinical automation and workflow automation market generally, the potential of increasing competition, the ability of the company to grow product backlog, retain key personnel, cut expenses, develop new products and integrate acquired products or intellectual property in a timely and cost-effective manner, and improve sales productivity. Prospective investors are cautioned not to place undue reliance on forward-looking statements.

The date of this disclosure is January 29, 2009, and all forward-looking statements made on this call are made based on Omnicell beliefs as of this date only. Future events or simply the passage of time may cause these beliefs to change.

Use of Non-GAAP Financial Information

These materials contains financial measures that are not calculated in accordance with U.S. generally accepted accounting principles (GAAP). Our management evaluates and makes operating decisions using various performance measures. In addition to Omnicell's GAAP results, we also consider non-GAAP gross margin, non-GAAP operating expenses, non-GAAP net income, and non-GAAP earnings per diluted share. These non-GAAP results should not be considered as an alternative to gross margin, operating expenses, net income, earnings per diluted share, or any other performance measure derived in accordance with GAAP. We present these non-GAAP results because we consider them to be important supplemental measures of Omnicell's performance.

Our non-GAAP gross margin, non-GAAP operating expenses, non-GAAP net income, non-GAAP earnings per diluted share are exclusive of certain items to facilitate management's review of the comparability of Omnicell's core operating results on a period to period basis because such items are not related to Omnicell's ongoing core operating results as viewed by management. We define our "core operating results" as those revenues recorded in a particular period and the expenses incurred within that period that directly drive operating income in that period. Management uses these non-GAAP financial measures in making operating decisions because, in addition to meaningful supplemental information regarding operation performance, the measures give us a better understanding of how we should invest in research and development, fund infrastructure growth and evaluate marketing strategies. In calculating the above non-GAAP results, management specifically adjusted for the following excluded items:

a) *Stock-based compensation expense impact of No. SFAS 123R.* We recognize equity plan-related compensation expenses, which represent the fair value of all share-based payments to employees, including grants of employee stock options, as required under SFAS No. 123 (revised 2004), "Share-Based Payment" (No. SFAS 123R).

b) *Income tax benefit from tax valuation allowance release.* This refers to the recognition of an income tax benefit from the partial reversal of our tax valuation allowance on specific deferred tax assets that is no longer required. Under Statement of Financial Accounting Standards No. 109, the release of the tax valuation allowance is necessary, primarily as a result of achieving sustained profitability in certain tax jurisdictions.

c) *Income tax adjustments.* To provide transparency into the Company's trends and performance, we consider one-time current and deferred tax adjustments, to be non-GAAP adjustments. These net tax benefits include, but are not limited to executive compensation and R&D tax credits.

Management adjusts for the excluded items because management believes that, in general, these items possess one or more of the following characteristics: their magnitude and timing is largely outside of Omnicell's control; they are unrelated to the ongoing operation of the business in the ordinary course; they are unusual and we do not expect them to occur in the ordinary course of business; or they are non-operational, or non-cash expenses involving stock option grants.

We believe that the presentation of these non-GAAP financial measures is warranted for several reasons:

- 1) Such non-GAAP financial measures provide an additional analytical tool for understanding Omnicell's financial performance by excluding the impact of items which may obscure trends in the core operating results of the business;
- 2) Since we have historically reported non-GAAP results to the investment community, we believe the inclusion of non-GAAP numbers provides consistency and enhances investors' ability to compare our performance across financial reporting periods;

3) These non-GAAP financial measures are employed by Omnicell's management in its own evaluation of performance and are utilized in financial and operational decision making processes, such as budget planning and forecasting; and

4) These non-GAAP financial measures facilitate comparisons to the operating results of other companies in our industry, which use similar financial measures to supplement their GAAP results, thus enhancing the perspective of investors who wish to utilize such comparisons in their analysis of our performance.

Set forth below are additional reasons why specific items are excluded from our non-GAAP financial measures:

a) While stock-based compensation calculated in accordance with No. SFAS 123R constitutes an ongoing and recurring expense of Omnicell, it is not an expense that requires cash settlement by Omnicell. We therefore exclude these charges for purposes of evaluating core operating results. Thus, our non-GAAP measurements are presented exclusive of stock-based compensation expense to assist management and investors in evaluating our core operating results.

b) We present our reconciliation of non-GAAP financial measures on a net of tax basis because the exact tax differences related to the timing and deductibility of stock-based compensation, pursuant to the adoption of No. SFAS 123R, is dependent upon the trading price of Omnicell's common stock and the timing and exercise by employees of their stock options. We analyze and measure operating results net of tax when evaluating core operating results because the tax effect related to stock-based compensation expense is inconsistent in amount and frequency.

c) We concluded under Statement of Financial Accounting Standards No. 109 that a portion of our tax valuation allowance on specific deferred tax assets was no longer required, primarily as a result of achieving sustained profitability in certain tax jurisdictions. Therefore, we reversed a portion of our tax valuation allowance which favorably impacted income tax expense and net income.

As stated above, we present non-GAAP financial measures because we consider them to be important supplemental measures of performance. However, non-GAAP financial measures have limitations as an analytical tool and should not be considered in isolation or as a substitute for Omnicell's GAAP results. In the future, we expect to incur expenses similar to the non-GAAP adjustments described above and expect to continue reporting non-GAAP financial measures excluding such items. Some of the limitations in relying on non-GAAP financial measures are:

— Omnicell's stock option and stock purchase plans are important components of incentive compensation arrangements and will be reflected as expenses in Omnicell's GAAP results for the foreseeable future under No. SFAS 123R.

— Other companies, including other companies in Omnicell's industry, may calculate non-GAAP financial measures differently than Omnicell, limiting their usefulness as a comparative measure.

Pursuant to the requirements of SEC Regulation G, a detailed reconciliation between Omnicell's GAAP and non-GAAP financial results is set forth in the financial tables at the end of Omnicell's earnings press release dated January 29, 2009 and can be found [in these Q4 2008 financial tables](#). Investors are advised to carefully review and consider this information strictly as a supplement to the GAAP results that are contained in these materials and in Omnicell's SEC filings.

