Complementary Summary of Q3 2009 Financial Results

October 22, 2009

This complementary summary of Omnicell financial results 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 February 24, 2009. Please be aware that you should not place undue reliance on any forward-looking statements made today.

We are pleased with our financial results for the third quarter of 2009. Revenue and profit exceeded expectations. Customers are embracing our new products. Several of our competitive wins from prior quarters are now in the installation cycle and these new customers are finding our product solutions to have been a smart choice. We saw a strong mix of international installations, and service margins were up. We added $20M to our cash balance. Our accounts receivable Days Sales Outstanding were down significantly, reversing a trend from prior quarters.

Our backlog position remains in the targeted range of 6-9 months of forward revenue. Backlog represents the time between when we receive a firm order from a customer and when the order is fully installed, which is the point where we recognize the revenue. We maintain backlog levels consistent with our customers’ desires for installation timing, and our backlog levels give us good visibility into the revenue volume for the next two quarters. We are maintaining our backlog guidance for the end of 2009, although, as always, our backlog can vary depending upon the timing of when large deals book. In the third quarter, 17% of our orders were from new customers, which is lower than historical norms and demonstrates the variability we can see in the timing of large orders from customers transitioning from competitive platforms or automating for the first time.

Year to date, 35% of our orders have been from new customers, which is consistent with our history and is consistent with our forward looking expectations. In the third quarter, about 75% of the new customer orders were from Greenfield accounts and about a quarter came from competitive conversions. We expect our historical momentum to continue with competitive conversions and we have a number of large deals in the final stages of the sales process that we anticipate closing in the next few months. We also expect to remain on track for international bookings to be approximately 5% of our orders in 2009.

Financial Performance

We will now review our third quarter financial performance, beginning with a discussion of our financial performance in accordance with Generally Accepted Accounting Principles with year-to-year comparisons.

GAAP

Revenue for the third quarter of fiscal 2009 was $54.0 million, down $10.4 million or 16% year-over-year, but up 2% from the second quarter of 2009. The reduction year to year is consistent with the guidance we gave in January and we believe is a result of general economic conditions affecting hospital capital purchasing.

Net earnings after taxes were $0.9 million, or $0.03 per share which compares to net earnings of $2.9 million, or $0.09 per share in Q3 2008. Our net earnings this quarter include a charge of $0.07 per share for stock compensation. Net earnings also include a tax provision at 40% in Q3 2009 offset by a one-time tax benefit of $250,000.

Non-GAAP

Next we will cover our non-GAAP results. The only adjustment to GAAP results for this quarter 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 compensation expense in order to measure some of our operating results. We use these adjusted 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.

Our Q3 2009 non-GAAP net income was $3.3 million, or $0.10 per share, which met analyst consensus. Our Q3 2009 non-GAAP net income was down $2.4 million, or $0.08 per share year to year from Q3 2008 non-GAAP income of $5.7 million, or $0.18 per share, driven primarily by the reduction in revenue.

Our Non GAAP Gross Margins were down slightly sequentially to 51.2% from 51.7% in Q2 2009 due to a larger mix of international installations this quarter than in Q2 2009. International business carries lower gross margins because our international distributors bear the cost of installation, support and most of the sales effort, but it contributes the same operating margin dollars that domestic business contributes. During the third quarter we also saw an increase in our service margins, which were up to 41.3% from 39.7% in Q2 2009 and up from 34.8% in Q3 of 2008.

EBITDA, or earnings before Interest, Taxes, Depreciation and Amortization, was $5.6 million for the third quarter of 2009, which is down $3.6 million from the third quarter of 2008.

Our strong balance sheet became even stronger. Our cash and short term investments grew to $146 million at the end of Q3 2009, an increase of $20 million from Q2 2009. The cash increase included $14 million in benefits from operating assets and liabilities improvements and $6 million of contribution from EBITDA in the quarter. Our Inventories were $10 million, up $1 million from the second quarter of 2009.

Business Discussion

This quarter we completed international installations at some of the large accounts we had announced in previous quarters. The Guys and St. Thomas hospitals in London completed the third phase of their automated supply systems installation and we have begun installing the first phase of medication automation. We completed our installation in Singapore’s prestigious National University Hospital and began installing at another large institution, Tan Tock Seng Hospital. We also made our first medication automation sale in Sweden to the very influential Karolinska

Institute. Additionally, several of the larger competitive conversions in the US began going live.

The marketplace has reacted favorably to our steady expansion of patient safety and workflow management solutions. We believe this demonstrates recognition that Omnicell is the only company that offers the next generation in automation and workflow management solutions. For example, our SinglePointe technology allows for secure storage and traceability of 100% of medications, unlike most systems that cover only 60-80% of medications in a nursing unit. This proprietary solution takes medication management safety and control to the next level of sophistication, something we call Level 3 Medication Safety.

We are continuing this trend with our next set of innovations. In the third quarter, we began shipping our latest major software release, Omnicell 14.0, and the first installations were live within two days. 14.0 gives our customers enhanced operating room anesthesia solutions and introduces our new proprietary Anywhere RN technology. Anywhere RN significantly enhances nursing workflow allowing Omnicell systems to be managed from virtually any computer workstation in the hospital. We've received positive feedback from nurses using 14.0 who believe it improves patient safety and reduces medication errors.

During the third quarter, we also announced that Barnes-Jewish Hospital, the largest hospital in Missouri and an institution consistently included in the top 25 of the *US News and World Reports* honor roll of top hospitals in the United States, standardized on our Optiflex point-of-use supply system for the operating room and cath lab. Barnes-Jewish Hospital will be the first of the BJC healthcare system to install the Optiflex solution. The 1250 bed hospital was attracted to our advanced solutions including the integration of physician preference items. Optiflex enables physicians to quickly and efficiently access the medical devices they require for critical cases while at the same time increasing charge capture rates and improving hospitals revenue cycle. Barnes-Jewish Hospital has been an Omnicell customer for 10 years and is a great example of how our current customers continue to expand the automation of their management systems with Omnicell.

Looking forward, we are optimistic about our opportunities to partner with new and existing customers. We continue to see a cautious economic environment but we've been encouraged to see several larger sales moving forward. We believe the healthcare portion of the federal stimulus package and the pending healthcare reform will increase the need for cost-effective solutions, efficient workflows and improved safety, which we believe will drive greater adoption of our solutions. We continue to maintain high levels of customer satisfaction and loyalty and we believe our solutions are important components of safety in healthcare today. Regulatory agencies continue to impose increased safety requirements that drive broader adoption of medication management technology. We still believe that full recovery in the hospital market will slowly emerge as economic conditions improve and there is more clarity about health care reform measures, but we are confident that our solutions are smart choices for hospitals and will remain important elements of hospital safety and efficiency management.

2009 Revenue and Profit Guidance

The third quarter results allow us to confirm our expectations for the full year of 2009. We expect 2009 revenue to be between $208 and $213 million and we are now comfortable with the middle to upper end of that range. We expect $0.34 to $0.38

non-GAAP EPS, excluding stock compensation expense and excluding the one-time restructuring charge we booked in Q1 2009. These profit expectations assume an effective tax rate of 40% on GAAP earnings in Q4 and no material change in interest rates. We continue to expect backlog to be consistent with our guidance of $110 million at the end of 2009, depending upon the timing of several larger deals in our pipeline. It is still early to tell how the market will shape up in 2010, but we expect revenue to return to growth in the single digit range as the economy recovers.

Summary

Despite difficult economic conditions, we have remained profitable and cash flow positive, building a strong innovative platform which continues to attract new and existing customers.

Forward-Looking Statements

To the extent any statements contained in this complementary summary deal with information that is not historical, these statements are necessarily forward-looking. 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 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, manage future changes in revenue levels, 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.

Use of Non-GAAP Financial Information

This summary 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 profit, 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 profit, 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 profit, non-GAAP operating expenses, non-GAAP net income, and 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 operating performance, the measures give us a better understanding of how we should invest in research and development, fund infrastructure growth and evaluate the effectiveness of marketing strategies. In calculating the above non-GAAP results, management specifically adjusted for the following excluded items:

a) *Stock-based compensation expense impact of ASC 718*. We recognize equity plan-related compensation expenses, which represents the fair value of all stock-based payments to employees, including grants of employee stock options, as required under ASC 718, "Stock Compensation".

b) Restructuring charges (net of tax). We incurred charges for employee severance in connection with a reduction in force in the first quarter of 2009, which was designed to align our cost structure with current business expectations. These charges are not expected to be recurring and, as a non-recurring event, the financial impact is excluded from our non-GAAP results.

Management adjusts for the above 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 stock-based compensation expense related to ASC 718 is excluded from our non-GAAP financial measures:

i) While stock-based compensation calculated in accordance with ASC 718 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.

ii) We present ASC 718 stock-based payment compensation expense in our reconciliation of non-GAAP financial measures on a pre-tax basis because the exact tax differences related to the timing and deductibility of stock-based compensation, under ASC 718, are dependent upon the trading price of Omnicell's common stock and the timing and exercise by employees of their stock options. As a result of these timing and market uncertainties the tax effect related to stock-based compensation expense would be inconsistent in amount and frequency and is therefore excluded from our non-GAAP results.

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 certain of 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 ASC 718.

- 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 non-GAAP and GAAP financial results is set forth in the financial tables at the end of this summary. Investors are advised to carefully review and consider this information strictly as a supplement to the GAAP results that are contained in this summary and in Omnicell’s SEC filings.

Omnicell, Inc.
Condensed Consolidated Statement of Operations
(in thousands, except per share data, unaudited)

	Three Months Ended			Nine Months Ended	
	September 30, 2009	June 30, 2009	September 30, 2008	September 30, 2009	September 30, 2008
Revenues:					
Product	$ 42,854	$ 41,983	$ 54,294	$ 127,221	$ 159,580
Services and other revenues	11,103	10,660	10,051	31,583	30,230
Total revenue	53,957	52,643	64,345	158,804	189,810
Cost of revenues:					
Cost of product revenues	20,087	19,175	24,940	59,542	73,259
Cost of services and other revenues	6,621	6,539	6,642	20,055	19,083
Restructuring charges	-	-	-	1,209	-
Total cost of revenues	26,708	25,714	31,582	80,806	92,342
Gross profit	27,249	26,929	32,763	77,998	97,468
Operating expenses:					
Research and development	4,981	4,574	4,685	13,532	13,939
Selling, general, and administrative	21,324	21,038	23,862	63,861	69,947
Restructuring charges	-	-	-	1,315	-
Total operating expenses	26,305	25,612	28,547	78,708	83,886
Income (loss) from operations	944	1,317	4,216	(710)	13,582
Other income and expense, net	56	194	673	433	2,804
Income (loss) before provision for (benefit from) income taxes	1,000	1,511	4,889	(277)	16,386
Provision for (benefit from) income taxes	146	607	1,975	(165)	6,985
Net income (loss)	$ 854	$ 904	$ 2,914	$ (112)	$ 9,401
Net income (loss) per share:					
Basic	$ 0.03	$ 0.03	$ 0.09	$ -	$ 0.29
Diluted	$ 0.03	$ 0.03	$ 0.09	$ -	$ 0.28
Weighted average shares outstanding:					
Basic	31,704	31,578	31,128	31,578	32,345
Diluted	32,380	31,961	32,138	31,578	33,498

Omnicell, Inc.
Condensed Consolidated Balance Sheets
(In thousands)

	September 30, 2009 (unaudited)	December 31, 2008 (1)
ASSETS		
Current assets:		
Cash and cash equivalents	$ 146,312	$ 120,439
Accounts receivable, net	58,779	57,976
Inventories	10,445	12,957
Prepaid expenses	9,451	9,310
Deferred tax assets	14,871	14,871
Other current assets	6,083	9,434
Total current assets	245,941	224,987
Property and equipment, net	13,128	16,180
Non-current net investment in sales-type leases	9,470	10,896
Goodwill	24,982	24,982
Other intangible assets	4,847	6,706
Non-current deferred tax assets	15,730	15,889
Other assets	8,938	8,902
Total assets	$ 323,036	$ 308,542
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 10,430	$ 9,377
Accrued compensation	7,621	8,889
Accrued liabilities	11,585	10,357
Deferred service revenue	14,359	12,084
Deferred gross profit	16,649	16,648
Total current liabilities	60,644	57,355
Long-term deferred service revenue	17,181	16,782
Other long-term liabilities	752	848
Total liabilities	78,577	74,985
Stockholders' equity:		
Total stockholders' equity	244,459	233,557
Total liabilities and stockholders' equity	$ 323,036	$ 308,542

(1) Information derived from our December 31, 2008 audited Consolidated Financial Statements.

Omnicell, Inc.
Reconciliation of GAAP to Non-GAAP
(In thousands, except per share data, unaudited)

	Three months ended					
	September 30, 2009		June 30, 2009		September 30, 2008	
	Net income	Earnings per share-diluted	Net income	Earnings per share-diluted	Net income	Earnings per share-diluted
GAAP	$ 854	$ 0.03	$ 904	$ 0.03	$ 2,914	$ 0.09
Non-GAAP Adjustments:						
ASC 718 adjustment (a)						
Gross Margin	360		287		400	
Operating Expenses	2,053		2,087		2,368	
	2,413	0.07	2,374	0.07	2,768	0.09
Non-GAAP	$ 3,267	$ 0.10	$ 3,278	$ 0.10	$ 5,682	$ 0.18

	Nine months ended			
	September 30, 2009		September 30, 2008	
	Net income (loss)	Earnings per share-diluted	Net income	Earnings per share-diluted
GAAP	$ (112)	$ -	$ 9,401	$ 0.28
Non-GAAP Adjustments:				
ASC 718 adjustment (a)				
Gross Margin	1,025		1,326	
Operating Expenses	6,246		7,442	
Restructuring cost (net of tax) (b)				
Gross profit	735			
Operating expenses	799			
	8,805	$ 0.28	8,768	0.26
Non-GAAP	$ 8,693	$ 0.28	$ 18,169	$ 0.54

(a) This adjustment reflects the accounting impact of non-cash share-based compensation expense related to the impact of ASC 718 (formerly referred to as FAS123R) for the periods shown.

(b) This is the net of tax impact of the restructuring activities executed during the first quarter of 2009.

OMNICELL, INC.
CALCULATION OF EBITDA, as defined (1)
(In thousands)

	Three months ended				
	September 30, 2009	June 30, 2009	March 31, 2009	December 31, 2008	September 30, 2008
GAAP Net Income	$ 854	$ 904	$ (1,871)	$ 3,323	$ 2,914
Add back:					
FAS 123R stock compensation expense	2,413	2,374	2,484	2,396	2,768
Restructuring charges			2,524		
Interest expense	8	-	6	-	-
Interest income	(116)	(177)	(229)	(571)	(682)
Interest	(108)	(177)	(223)	(571)	(682)
Depreciation	1,596	1,742	1,788	1,535	1,438
Intangible amortization	572	572	607	617	626
Capitalized software amortization	129	87	78	128	128
Depreciation and Amortization Expense	2,297	2,401	2,473	2,280	2,192
Income tax (benefit) expense	146	607	(918)	1,013	1,974
Non-GAAP EBITDA, as defined (1)	$ 5,602	$ 6,109	$ 4,469	$ 8,441	$ 9,167

(1) Defined as earnings before interest income and expense, taxes, depreciation and amortization,
and non-cash expenses, including stock compensation expense