

Complementary Summary of Omnicell Q2 2010 Results

This complementary summary of Omnicell financial results includes 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, 2010, as well as more recent reports filed with the SEC. Please be aware that undue reliance should not be placed on any forward-looking statements made today.

Results

In the second quarter of 2010 we exceeded profit expectations and continued to make improvements in our financial ratios with higher margins and increased cash on hand. We had a very good operational quarter aided by a favorable mix of products installed, a focused effort to get our customers caught up on renewal of service contracts, and some favorable timing of non-recurring spending. Our solutions won more awards from the KLAS institute, we announced further technological advancements in our software, and we continued our consistent track record of adding new accounts to our customer base.

Of our orders in Q2, 36% were from competitive conversions and from Greenfield customers, which are customers who have never installed automation before. About half of the 36% was from competitive conversions and the other half was from Greenfield accounts. The percentage of our business from new and competitive conversion customers fluctuates from quarter to quarter, but we believe new and competitive conversion orders will be within our historical annual range of 33% to 40% of our business for the full year of 2010.

The market environment did not change much from previous quarters during Q2, with worldwide economic conditions affecting our customers' overall sentiments. We still expect the market to grow slightly during the year, but our orders remain more highly concentrated among large customers and timing of a broader based recovery is unclear in our market.

Revenue for the second quarter of fiscal 2010 was \$54.7 million, up 1% from the first quarter of 2010, and up 4% from the second quarter of a year ago. Net earnings after taxes were \$2.0 million, or \$0.06 per share for Q2 2010. This compares to \$0.9 million, or \$0.03 per share in Q2 2009. Included in our results for the quarter are some improvements in margins driven primarily from product mix and timing of non-recurring spending.

Non-GAAP Results

The only adjustments to GAAP results are the exclusion of stock compensation expenses. 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 Website.

Our Q2 2010 non-GAAP net income was \$4.1 million, or \$0.12 per share, exceeding consensus by \$0.01 per share. Our Q2 2010 non-GAAP net income is up \$1.0 million, or \$0.03 per share from Q1 2010 and up \$0.8 million or \$0.02 per share from Q2 2009. Our profits were impacted favorably about \$0.01 per share by factors that we do not expect to continue in subsequent quarters, such as favorable timing of non-recurring spending and our efforts to get customers caught up on service contracts.

Earnings before Interest, Taxes, Depreciation and Amortization, which also excludes stock compensation amortization, were \$7.7 million for the second quarter of 2010, up \$1.6 million or 27% year to year. EBITDA is a good measure of the operational results of the company and we're happy to continue growing this measure much faster than revenue growth.

Our headcount at the end of the quarter was 755, which is the approximate level we have been operating at since January 2009. Earlier this month we announced the consolidation of our development offices from four to two. The consolidation will increase the efficiency of operations and promote collaboration among the Company's engineering teams.

It has been a long-term vision of Omnicell to create a center of excellence in Nashville because of its talented labor pool and reputation as a hub of the U.S. healthcare industry, as well as its centralized location for many of Omnicell's customers. In anticipation of this consolidation, the company recently expanded its operations in the Nashville, Tennessee area to a new larger facility near the Nashville International Airport, which is complementary to our high tech hub in Mountain View, California. We are closing facilities in The Woodlands TX, and in Bangalore, India.

In the consolidation we will eliminate 24 positions, 20 staff members will move to a new location, and some new positions will be created. Additionally, 19 staff members involved with customer support activities in India will move to a contract service provider. We expect the consolidation to be cost neutral on an on-going basis and expect to take a pre-tax \$1.5 million one-time charge in Q3. Because there is some repatriation of profits from India, the after tax one time charge is expected to be approximately \$1.4 million. While cost neutral, we feel the increased focus of our engineering teams will give us an opportunity to bring more products to market faster with higher quality.

We continue to generate cash from our operations and drive down our receivables balance. Our cash and short term investments grew to \$185 million at the end of Q2 2010, an increase of \$5 million from Q1 2010. Days sales outstanding were 64, down 4 days from last quarter, and our Inventories were \$10 million, consistent with the previous quarter.

Business Discussion

The economic conditions around the world continue to be challenging for everyone. In today's environment, I'm proud that our solutions continue to be recognized by independent researchers and customers alike. During the quarter we continued our string of awards from KLAS, the prestigious research firm that monitors the

performance of healthcare technology manufacturers. Omnicell's OmniRx® automated dispensing system was the recipient of the 2010 Best in KLAS award for Automated Medication Dispensing Units for large hospitals with more than 200 beds.

The "Best in KLAS" ranking is given to the vendor scoring the highest position in its category and is a special recognition for vendors in market segments that have the broadest organizational impact for hospitals and clinics. Our OmniRx product has received the highest possible KLAS award for Medication Dispensing Units for the fifth year in a row. Additionally, Omnicell was awarded Category Leader for Pharmacy Automation Medication Carousels for its WorkflowRx™ products. These recognitions are especially gratifying because KLAS bases its awards on actual customers' satisfaction and feedback.

Customers also continue to recognize Omnicell solutions, as reflected by 36% of our business coming from new and competitive conversion customers again this quarter, including new US Government business, new hospitals being added to IDN customers, and brand new customers to our account base through both competitive conversions and sales to first time buyers of automation solutions. And we've found that smaller hospitals that have not automated in the past join our customer base with significant purchases when they have the budget available, bringing them current in medication automation technology.

Our proprietary solutions, such as AnywhereRN and SinglePointe, continue to differentiate us. AnywhereRN software allows management of our remote dispensing systems from virtually any workstation in the hospital. SinglePointe is our software solution that allows up to 100% of patient medications to be securely stored, managed, and tracked by our automation systems, reducing the inefficiency and safety issues associated with misplaced medications. Solutions such as these improve the efficiency of nursing and pharmacy workflows, reducing interruptions and distractions that have been proven to increase medication errors. During the quarter we extended our technology with our announcement that our OmniCenter software, which is the engine behind all our automated dispensing systems, is now VMWare ready. Virtualization of servers at hospitals is an emerging trend. Passing the extensive VMWare-specified testing helps ensure that the OmniCenter makes best use of

VMware technology and puts us at the forefront for deployment in virtualized customer environments.

In the marketplace, we continue to see a cautious capital spending environment. Large customers were again a larger percentage of our business than they have been historically while the smaller hospitals are still operating under stricter financial constraints. The larger customers take longer to complete their installations and often have delays in their deployments. We believe the market overall is growing slightly in 2010, but we believe there is a large opportunity for further automation at our existing customers and at new customers both in the US and outside the US.

We believe health care reform will have a positive long term effect on our industry as hospitals must focus on improving their efficiency and quality of their outcomes. We're proud of our track record of bringing what we consider the safest and most efficient solutions to hospital institutions of every size and type. Although overall economic indicators remain the same with little change in unemployment or interest rates, we believe that, as economic conditions improve and hospitals begin to expand their capital budgets, we will be well positioned to solve their safety and workflow efficiency needs.

2010 Revenue and Profit Guidance

We are reconfirming our 2010 guidance ranges from previous quarters and refining the revenue range now that we are half way through the year. Overall, we expect our booking rates to grow between 5 and 10% during 2010, but since our customers take one to twelve months to complete installations and more of our business is from bigger deals, we don't expect all of the order growth to become revenue in 2010. Part of the order growth will remain in our ending backlog and we expect backlog at the end of 2010 to be within the same range as we discussed previously of \$118 and \$125 million, up 4% to 10% from 2009. We now expect 2010 revenue to be between \$220 and \$222 million. We previously guided to a broader range of \$218 to \$225 million.

Our backlog gives us good visibility to the revenue to be installed in the next two quarters and we expect there to be little change to these installation schedules. We expect non-GAAP earnings excluding stock compensation expenses and restructuring charges for 2010 to be between \$0.40 to \$0.45 per share, which is up 5% to 18% and

is consistent with our previous guidance. These profit expectations assume an effective tax rate of 42% on GAAP earnings and no material change in interest rates. For Q3, we expect non-GAAP profit in the range of \$0.09 to \$0.10 per share, as we are anticipating additional non-recurring spending in the quarter in research and development and other areas of our business. These non-GAAP expectations exclude the anticipated one time charge for facilities consolidation during Q3 and stock compensation expenses.

Summary

Our customers are enjoying the benefits of our advanced solutions in greater numbers every day. We continue to install a new hospital customer every 2 business days and our pipeline indicates strong demand from new accounts in the future. We're delivering on our new solutions and on our financial performance.

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

	<u>Three months ended</u>				
	June 30, <u>2010</u>	March 31, <u>2010</u>	December 31, <u>2009</u>	September 30, <u>2009</u>	June 30, <u>2009</u>
GAAP net income	\$ 1,965	\$ 979	\$ 557	\$ 854	\$ 904
Add back:					
ASC 718 stock compensation expense	2,097	2,156	2,454	2,413	2,374
Interest	(88)	(72)	(96)	(108)	(177)
Depreciation and amortization expense	2,178	2,123	2,257	2,297	2,401
Income tax expense	<u>1,580</u>	<u>604</u>	<u>913</u>	<u>146</u>	<u>607</u>
Non-GAAP adjusted EBITDA, as defined (1)	<u>\$ 7,732</u>	<u>\$ 5,790</u>	<u>\$ 6,085</u>	<u>\$ 5,602</u>	<u>\$ 6,109</u>

(1) Defined as earnings before interest income and expense, taxes, depreciation and amortization, and non-cash expenses, including stock compensation expense, per ASC 718, formerly FAS 123R.